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Japan

Japan: Hashimoto Urges Continued Private-Sector Chip Talks

OW3004100896 Tokyo KYODO in English 0952 GMT 30 Apr 96

[FBIS Transcribed Text] Tokyo, April 30 KYODO — Prime Minister Ryutaro Hashimoto asked semiconductor industry leader Norio Oga on Tuesday [30 April] to continue partnership talks with the U.S. chip industry, following Friday's inconclusive bilateral session in Hawaii, government sources said.

Oga, chairman of the Electronic Industries Association of Japan (EIAJ), and Osamu Watanabe, head of the Ministry of International Trade and Industry's Machinery and Information Industries Bureau, visited Hashimoto to brief him on the private-sector talks.

Top executives of the EIAJ and the Semiconductor Industry Association of the United States are discussing a framework to replace the 1991 Japan-U.S. semiconductor agreement, which expires at the end of July.

While the two sides agreed at the session that they need a new partnership plan to keep ties on track toward the 21st century, they failed to agree on what role government should play in the sector, the sources said.

The U.S. side called for government-level commitment to monitor foreign share of the Japanese chip market, while the Japanese argued against any form of government involvement.

The 1991 accord calls for foreign semiconductors to get at least 20 percent of the Japanese market. The foreign share came to around 30 percent in the October-December quarter of 1995, according to the trade ministry.

Tokyo Asks Washigton for Early Start of Passenger Aviation Talks

OW3004052096 Tokyo KYODO in English 0459 GMT 30 Apr 96

[FBIS Transcribed Text] Washington, April 29 KYODO — Japan asked the United States on Monday [29 April] for an early start of bilateral talks on the passenger portion of the bilateral aviation pact, Japanese officials said.

Japan made the request on the first day of a two-day working-level meeting in Washington to discuss the date of the aviation talks.

Attending the meeting are officials from Japan's Transport Ministry, the U.S. State Department and Transportation Department.

Following the official agreement struck earlier this month between the two countries in cargo aviation, Japan is seeking to review the passenger sector of the bilateral aviation pact.

The U.S., however, appears to be concerned that a review would lead to restrictions of the "beyond rights" — the rights for U.S. airlines to fly beyond Japan to other countries.

It is difficult to predict whether the U.S. will agree to start the talks soon, Japanese officials said.

They said the U.S. side may propose discussing individual issues such as Japan airlines' application for flights between Tokyo and Kona, Hawaii. Japan has been asking for consultations on the matter since the U.S. shelved the application.

Japan: Yamanashi Opposes Shifting Live-Fire Drills From Okinawa

OW3004104596 Tokyo KYODO in English 1012 GMT 30 Apr 96

[FBIS Transcribed Text] Kofu, Japan, April 30 KYODO — Municipalities near a Self-Defense Forces (SDF) exercise field in Yamanashi Prefecture on Tuesday [30 April] reconfirmed their policy of opposing any move of U.S. live-fire shelling drills from Okinawa Prefecture to the field.

A council of local governments discussing problems concerning the SDF Kita-Fuji Exercise Field renewed their opposition in a meeting held at Kofu, the capital of Yamanashi Prefecture in central Japan, participants said.

The council also decided to call on the central government to show detailed data on the Kita-Fuji field, which was submitted to the United States earlier in the month, they said.

The Kita-Fuji field, north of Mt. Fuji, is one of four alternative sites Japan has offered for U.S. live-fire drills currently conducted in Okinawa Prefecture, southwestern Japan.

The four sites are Yausubetsu in Hokkaido, Ojojihara in Miyagi Prefecture, Higashi-Fuji and Kita-Fuji stretching between Yamanashi and Shizuoka Prefectures, and Hijudai in Oita Prefecture.

Japan submitted detailed data on the four sites to a task force meeting of the Japan-U.S. Joint Committee, an act criticized by the Yamanashi council Tuesday as ignoring the wishes of the local governments.

The artillery exercises in Okinawa Prefecture involve firing live ammunition across a prefectural highway against the hills on camp grounds. They require that a 3.7-kilometer stretch of the highway be closed during the drills.

Residents living near the base have demanded an end to the drills, saying they are inconvenienced by the closing of the highway and fear the shelling may trigger fires in the hills, landslides and other damage to the environment.

Japan: Hashimoto Apologizes to Local Officials for Base Shift

OW3004050496 Tokyo KYODO in English
0418 GMT 30 Apr 96

[FBIS Transcribed Text] Tokyo, April 30 KYODO — Prime Minister Ryutaro Hashimoto apologized Tuesday [30 April] to local government leaders for not informing them beforehand of the planned shift of KC-130 refueling planes to the U.S. military base in Iwakuni, Yamaguchi Prefecture, from the Futemma base in the southwestern island prefecture of Okinawa.

Hashimoto met Yamaguchi Gov. Toru Hirai and Iwakuni Mayor Yoshimitsu Kifune at the premier's official residence, and expressed regret for the lack of advance consultations and asked for cooperation with the shift plan, the prime minister told reporters.

Hirai and Kifune declined to brief reporters on their discussions with Hashimoto, saying the topic will be disclosed at a press conference later in the day.

Under an agreement reached earlier this month between Japan and the United States, more than a dozen KC-130 hercules refueling aircraft are to be transferred to the Iwakuni base in western Japan, and as many Harrier fighter planes will be relocated from Iwakuni to the U.S.

The Futemma airfield will be returned to local landowners in five to seven years under the plan.

The Iwakuni Municipal Government is against the plan but the Yamaguchi Prefectural Government said it will accept the plan as long as the relocation does not reinforce the base.

Japan: Local Leaders Accept Apology for Moving U.S. Planes

OW3004095396 Tokyo KYODO in English
0911 GMT 30 Apr 96

[FBIS Transcribed Text] Tokyo, April 30 The governor of Yamaguchi Prefecture and other local government leaders voiced content Tuesday [30 April] to the planned transfer of U.S. warplanes from Okinawa to a base there hours after Prime Minister Ryutaro Hashimoto's apology over not giving them prior knowledge about the plan.

The governor, Toru Hirai, and Yshimitsu Kifune, mayor of Iwakuni, told a press conference that Hashimoto apologized for not consulting with them about the transfer of KC-130 refueling planes to the Iwakuni base from the Futenma base in the southwestern island prefecture of Okinawa.

Hashimoto also assured them that the shift will not lead to a reinforcement of the Iwakuni base, in western Japan, the two local leaders said.

Hashimoto invited the governor and mayor to the premier's official residence in Tokyo earlier in the day to express regret for not informing them in advance and for not requesting their cooperation in the plan.

Under an agreement reached earlier this month between Japan and the United States, more than a dozen KC-130 Hercules refueling aircraft will be transferred to the Iwakuni base, and as many harrier attack aircraft will be relocated from Iwakuni to the U.S.

The Futemma airfield will be returned to local landowners in five to seven years under the plan.

During the meeting, Hashimoto told the two local leaders that he could not consult with anyone about the relocation plan because the process to reach the agreement was like an "aerial dogfight," and he and U.S. President Bill Clinton made the decision "at the very last moment," they said.

Japan: SDP Advocates New Defense Posture

OW2604141096 (Internet) Japanese Social Democratic Party WWW in Japanese 16 Apr 96

[Report by the Research Council on Defense Issues of the Social Democratic Party: "U.S.-Japan Security Treaty's New Role — Stress Human Security Rather Than Military Aspects and Rely on Multinational Cooperation Framework"]

[FBIS Translated Text]**For a Comprehensive Security Treaty That Includes Nonmilitary Aspects**

The report entitled "U.S.-Japan Security Treaty's New Role — U.S.-Japanese Cooperation for Harmonious Security," published by the Research Council on Defense Issues of the Social Democratic Party [SDP] (chairman, Shun Oide) on 12 April, stresses new thinking on "harmonious security."

As characteristics of harmonious security, the report cites the following points: a) The treaty should emphasize "human security" rather than the military aspect of national security and should be a comprehensive security policy that includes nonmilitary fields. b) It should not adopt a collective security concept, which takes as a premise driving back an act of aggression through forceful measures by the countries involved. c) While utilizing the bilateral relationship, it should rely on multilateral cooperation.

The report points out that, if in the future an effective regional security system is formed, it is possible that the "U.S.-Japanese Security Treaty will be terminated." Further, it points out the necessity of grappling with a "new common agenda" for harmonious security. It lists the following items for that agenda: 1) spelling out a concrete definition of "human security," 2) controlling military activities between states, 3) solving disputed issues between states, 4) building up a regional security system, and so on.

In Northeast Asia, we should make an effort to set up a "site for a security dialogue" whose participants would be Japan, the United States, South Korea, China, Russia, and North Korea. In the future, we should aim at establishing a Northeast Asia nonnuclear zone.

Also, the report states its recognition that in the Asia Pacific area, the "main causes of instability" — such as poverty, human rights violations, and destruction of the environment — that threaten "human security" are increasing, instead of the military "threats" by states that were prevalent during the cold war era.

As for the situation surrounding Japan, the report cites as examples the suspected development of nuclear arms by the Democratic People's Republic of Korea; the challenge by conservative factions to the Yeltsin government in Russia; and the China-Taiwan situation. It offers the analysis, "We cannot say that the situation is stable." At the same time, the report seeks our self-restraint, saying that "we should not place excessive importance on the situation," and "excessive reaction to the situation will conversely exert a negative influence on the security surrounding our country." It also stresses the necessity of a "restrained and calm recognition of the situation."

As for the U.S.-Japan Security Treaty, the report says its importance lies in its being the "foundation from which the two countries are to pursue a comprehensive security policy" when they deal with instability factors in the Asia-Pacific region.

As for the future role of the treaty, the report cites elimination of the main causes of disputes in the Asia-Pacific region, promotion of a security dialogue, contributions to creating a regional security framework and to Japan's security, and so on.

Further, it lists the following five points as objectives of U.S.-Japan defense cooperation: 1) conclusion of an acquisition and cross-servicing agreement (ACSA); 2) response to situations with significant influence on the peace and security of our country and the surrounding area; 3) honoring the "Far East Article" and utilization of the "prior consultation system;" 4) pursuit of the possibility of emergency stationing; and 5) improvement of the environment surrounding the bases. As a condition for concluding the ACSA, the report mentions that when we accommodate weapons, we must take care not to damage the foundation of the three principles regarding weapons export.

"U.S.-Japan Security Treaty's New Role — U.S.-Japan Cooperation for Harmonious Security"

The gist of the report "U.S.-Japan Security Treaty's New Role — U.S.-Japan Cooperation for Harmonious Security," which the Social Democratic Party published on 12 April, is as follows:

Outlook on the Asia-Pacific Situation

1. From "Threats" to "Destabilizing Factors": In the post-Cold War world, instead of the "threats" of the Cold War era, there is an increase in "instability factors," which are not limited to those of a state-sponsored military nature. The instability factors are: a) problems concerning "human security" (poverty, human rights violations, destruction of the environment, and so on); b) military activities (increased armaments, arms trade, and so on); c) disputes between states (confrontation over land, territorial waters, ocean natural resources, and so on).

2. The Situation Surrounding Our Country: We cannot say that the security environment surrounding our country is stable. North Korea is in an unstable situation, with suspected nuclear weapons development and a worsened food situation. The Yeltsin government in Russia is being challenged by conservative factions, and the future of the China-Taiwan situation is also worrisome. However, we should not regard these as excessively significant. What is needed now is a restrained and cool recognition of the situation. An excessive sense of crisis and an excessive reaction to the situation, conversely, would have a negative influence on the security environment surrounding our country.

3. Asia-Pacific Situation and U.S.-Japan Security Treaty: To deal with instability, a framework of multilateral cooperation and comprehensive measures that include nonmilitary aspects are indispensable. The U.S.-Japan Security Treaty will be the foundation upon which the two countries seek such a comprehensive security policy.

Future Role of U.S.-Japan Security Treaty

1. Foundation of Cooperation for Peace in the Asia-Pacific Region: The Security Treaty prescribes the promotion of political and economic cooperation and a contribution to strengthening the United Nations. Based on this prescription, the U.S. and Japan will work to secure the U.S. presence as a stabilizing factor in the Asia-Pacific area, eliminate causes of disputes in this region, promote security dialogues, and contribute to creation of a regional security framework.

2. Contribution to Japan's Security: If Japan receives any military attack in the future, the United States and Japan will jointly deal with such aggression. As for support of U.S. actions to maintain the peace and security of the Far East, Japan will act under the limitation that it will not exercise the right of collective self-defense, as prescribed by our laws such as the Constitution.

U.S.-Japan Cooperation for Harmonious Security

1. The Characteristics of Harmonious Security: The primary objectives of harmonious security are to work for the elimination of causes of disputes, to aim at the peaceful solution of disputes, and to attempt to limit military clashes. Its characteristics are: a) stress on "human security" rather than the military security of the state, and a comprehensive security policy that includes nonmilitary aspects; b) nonadoption of a collective security concept that takes as its premise that the countries concerned will repel an aggressive act by force; and c) reliance on multilateral cooperation while utilizing bilateral relationships.

2. Harmonious Security and the U.S.-Japan Security Treaty: The United States and Japan will use the U.S.-Japan Security Treaty as the basis for harmonious security, which is the foundation of multilateral cooperation. If an effective regional security system is created in the future, the U.S.-Japan Security Treaty could be terminated.

3. The New Common Agenda for Harmonious Security: It is necessary to grapple with a new common agenda that aims at promoting harmonious security in the Asia-Pacific region. The items listed are a) spelling out a concrete definition of "human security"; b) controlling military actions between states; c) solving issues at dispute between states; and (d) building a regional security system. In Northeast Asia, we will work to establish a "place for a security dialogue" focussing on Japan, the United States, South Korea, China, Russia, and North Korea. For the future, we aim to establish a Northeast Asia nonnuclear zone.

Subject and Direction of U.S.-Japan Defense Cooperation

1. Conclusion of an ACSA: This treaty is to be concluded in accordance with our constitution, upon careful examination of its contents, which must observe the limitation of not using the right of collective self-defense. The objective is an operation based on joint training and international cooperation for peace. As for accommodation of weapons, ample care must be taken not to harm the three principles governing export of weapons.

2. Response to Situations With Significant Influence on Peace and Security in the Area Surrounding Japan: When any situation occurs that has a significant influence on peace and security in the area surrounding Japan, we will resolve the situation in accordance with our constitution and with the limitation of not using the right of collective self-defense. Also, efforts to prepare for an emergency should not be separated from efforts to prevent an emergency.

3. Adherence to the "Far East Article" and Utilization of the "Prior Consultation System": The United States and Japan are to reconfirm the interpretation of the "Far East Article" of the Security Treaty. At the same time, for a strict application of the article, they are to utilize the "prior consultation system" as needed.

4. Pursuit of Possibility of Emergency Stationing: If the emphasis of the U.S.-Japan Security Treaty shifts towards becoming the basis of a harmonious security policy, it will become possible to change the number and composition of U.S. forces stationed in Japan. In the future, we will pursue switching to a format that moves toward "emergency stationing" by introducing a "prepositioning" system.

5. Improvement of the Environment Around the Bases and Securing the Welfare of Residents

Our Party's Position

Our party's Research Council on Defense Issues on 12 April published the "New Role of the U.S.-Japan Security Treaty — U.S.-Japan Cooperation for Harmonious Security." In the new post-Cold War era, this proposal seeks to move the U.S.-Japan Security Treaty in a different direction from that of the cold war era.

The rape incident involving a young girl in Okinawa last September shocked Japanese people everywhere and stimulated them to reconsider what the U.S.-Japan Security Treaty meant. Taking the opportunity of President Clinton's visit to Japan on 16 April, U.S. and Japanese leaders will make public a joint statement concerning U.S.-Japan security? How will that statement change the role of the security treaty?

At the recent party congress, party leader Murayama expressed his opinion: "I want to clarify the new role of the U.S.-Japan Security Treaty." To fulfill that desire, the Research Council on Defense Issues on 12 April made public its proposal entitled "New Role of the U.S.-Japan Security Treaty."

A summary of the proposal is as follows: First, as for the Asia-Pacific situation, factors that destabilize international relations, other than military "threats" by any specific state, are on the rise. As main causes of such instability, human rights violations, destruction of the environment, the drug trade, international terrorism, the flow of refugees, increased armaments, the arms trade, military exercises, nuclear proliferation, confrontations concerning territorial waters and maritime natural resources, and so on, are cited.

To deal with such a change in threats, we cannot respond effectively with the same measures we have used in the past. The use of a multilateral security framework and comprehensive measures that include nonmilitary aspects will become necessary.

The U.S.-Japan Security Treaty should be used as the basis for creating such a multilateral security framework and comprehensive security that includes nonmilitary aspects, which the two countries will pursue jointly. Herein lies the new role of the U.S.-Japan Security Treaty.

Second, the report offered the new concept of harmonious security. The U.S.-Japan Security Treaty is to be the foundation for harmonious security based upon multilateral consultation. Third, while securing the presence of the United States as a stabilizing factor in the Asia Pacific area, the report stresses that the United States and Japan should work to eliminate causes of disputes in this region, promote security dialogues, and contribute to creating a regional security framework. On the other hand, as for the support of U.S. activities for international peace and security in the Far East, the report recommends that, from the standpoint of securing our country's security, we should be responsive, in accordance with our Constitution and related laws and with the limitation of not using collective self-defense rights.

As for this issue, some people make comments such as "the use of the right of collective defense is constitutional," "we should review the government's interpretation," and so on; but our party cannot agree with such views.

The statement issued by the Chief Cabinet Secretary last November upon publication of the defense outline confirmed that we will deal with the new defense plan outline through the agreement of the three parties. Therefore, we should maintain the position that we do not recognize the right of collective defense under the current coalition government.

Fourth, the United States and Japan have been advancing a "common agenda for the cooperation based on a global outlook." Along with these subjects, we need to tackle a new common agenda, the goal of which is to promote harmonious security for the Asia-Pacific region.

(3) Asia-Pacific Situation and U.S.-Japan Security Treaty: To deal with instability, a framework of multilateral cooperation and comprehensive measures that include non-military aspects are indispensable. The U.S.-Japan Security Treaty will be the foundation upon which the two countries seek such a comprehensive security policy.

Future Role of U.S.-Japan Security Treaty

(1) Foundation of Cooperation for Peace in the Asia-Pacific Region: The Security Treaty prescribes the promotion of political and economic cooperation and a contribution to strengthening the United Nations. Based on this prescription, the U.S. and Japan will work to secure the U.S. presence as a stabilizing factor in the Asia-Pacific area, eliminate causes of disputes in this region, promote security dialogues, and contribute to creation of a regional security framework.

(2) Contribution to Japan's Security: If Japan receives any military attack in the future, the United States and Japan will jointly deal with such aggression. As for support of U.S. actions to maintain the peace and security of the Far East, Japan will act under the limitation that it will not exercise the right of collective self-defense, as prescribed by our laws such as the Constitution.

U.S.-Japan Cooperation for Harmonious Security

(1) The Characteristics of Harmonious Security: The primary objectives of harmonious security are to work for the elimination of causes of disputes, to aim at the peaceful solution of disputes, and to attempt to limit military clashes. Its characteristics are (a) stress on "human security" rather than the military security of the state, and a comprehensive security policy that includes non- military aspects; (b) non-adoption of a collective security concept that takes as its premise that the countries concerned will repel an aggressive act by force; and (c) reliance on multilateral cooperation while utilizing bilateral relationships.

(2) Harmonious Security and the U.S.-Japan Security Treaty: The United States and Japan will use the U.S.-Japan Security Treaty as the basis for harmonious security, which is the foundation of multilateral cooperation. If an effective regional security system is created in the future, the U.S.-Japan Security Treaty could be terminated.

(3) The New Common Agenda for Harmonious Security: It is necessary to grapple with a new common agenda that aims at promoting harmonious security in the Asia-Pacific region. The items listed are (a) spelling out a concrete definition of "human security"; (b) controlling military actions between states; (c) solving issues at dispute between states; and (d) building a regional security system. In Northeast Asia, we will work to establish a "place for a security dialogue" focussing on Japan, the United States, South Korea, China, Russia, and North Korea. For the future, we aim to establish a Northeast Asia non-nuclear zone.

Subject and Direction of U.S.-Japan Defense Cooperation

(1) Conclusion of an ACSA: This treaty is to be concluded in accordance with our constitution, upon careful examination of its contents, which must observe the limitation of not using the right of collective self-defense. The objective is an operation based on joint training and international cooperation for peace. As for accommodation of weapons, ample care must be taken not to harm the three principles governing export of weapons.

(2) Response to Situations With Significant Influence on Peace and Security in the Area Surrounding Japan: When any situation occurs that has a significant influence on peace and security in the area surrounding Japan, we will resolve the situation in accordance with our constitution and with the limitation of not using the right of collective self-defense. Also, efforts to prepare for an emergency should not be separated from efforts to prevent an emergency.

(3) Adherence to the "Far East Article" and Utilization of the "Prior Consultation System": The United States and Japan are to reconfirm the interpretation of the "Far East Article" of the Security Treaty. At the same time, for a strict application of the article, they are to utilize the "prior consultation system" as needed.

(4) Pursuit of Possibility of Emergency Stationing: If the emphasis of the U.S.-Japan Security Treaty shifts towards becoming the basis of a harmonious security policy, it will become possible to change the number and composition of U.S. forces stationed in Japan. In the future, we will pursue switching to a format that moves toward "emergency stationing" by introducing a "prepositioning" system.

(5) Improvement of the Environment Around the Bases and Securing the Welfare of Residents

New Role of U.S.-Japan Security Treaty — Our Party's Position

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Japan: Landowner Intends To Enter U.S. Base Land Twice

OW3004042796 Tokyo KYODO in English 0332 GMT 30 Apr 96

[FBIS Transcribed Text] Naha, Japan, April 30 KYODO — An Okinawa landowner said Tuesday [30 April] he intends to enter his plot of land located within a U.S. military facility in Okinawa Prefecture on May 15 and June 23.

After a compromise over the issue was reached in a local court, Shoichi Chibana, 47, chose to enter his land May 15, the anniversary of the return of Okinawa to Japan in 1972, and June 23, the Okinawa memorial day to commemorate the end of the battle of Okinawa during World War II.

In court-mediated negotiations at the Naha District Court, the central government agreed to accept all demands filed by Chibana, including the number of people who would be allowed to enter the plot.

Chibana, who said he would limit the number of people entering the land to 30 or less, has been requested to inform the Naha Regional Defense Facilities Administration Bureau of the dates he wishes to enter the property.

If he is admitted to enter the property June 23, Chibana said he wants to hold a memorial service for his uncle, who used to live on the land until he was killed during the war. Chibana said he also wants to survey the plot.

Chibana demanded the central government allow him and other people concerned to enter his 236-square-meter plot within the grounds occupied by the Sobe military communications facility in the southernmost island prefecture.

Chibana filed a lawsuit with the District Court demanding access to and return of the land after a lease on the plot expired at the end of last month.

Since the forced lease contract expired at the end of March, the government has been continuing to rent it to U.S. forces without any clear legal basis, saying Japan has an obligation to provide land to U.S. forces under bilateral security arrangements.

The government failed to renew the contract before it expired because Okinawa Gov. Masahide Ota refused to sign necessary documents to force the lease renewal.

Opposition to the U.S. military presence in Okinawa intensified in the wake of the rape last September of an Okinawa primary schoolgirl, a crime for which three U.S. servicemen were sentenced to prison terms.

Japan: Editorial Notes Significance of Sobe Dispute Settlement

OW3004062696 Naha RYUKYU SHIMPO in Japanese 28 Apr 96 Morning Edition p 5

[Editorial: "Mr. Chibana Has the Right To Win"]

[FBIS Translated Text] At a Naha district court session held on 26 April, a dispute between the central government and an Okinawan landowner Shoichi Chibana was settled when the government accepted his request for entry onto his property within the U.S. forces' Sobe Communications Site (nicknamed the elephant cage) — a tiny plot of land that has been illegally occupied by the government since its lease contract expired on 1 April. This was a landslide victory for Mr. Chibana's and an expected outcome.

In seeing the way the government reacted during the dispute, however, we must ask whether the government is aware of its duties as an independent nation. Defense Agency Director General Hideo Usui's comments after the settlement were a clear example. He said: "As a result of the government's repeated negotiations, the U.S. Government came to show understanding, and we reached a compromise. I would like to thank the U.S. Government for its consideration." What controlled his speech was a sense of gratitude for the United States.

Believing that the continued use of Mr. Chibana's land "is not necessarily illegal" because of its obligation to provide bases under the Japan-U.S. security treaty, the government tried to limit access to Sobe based on U.S. forces' "maintenance rights" stipulated in the Japan-U.S. Status of Forces Agreement. It may be natural for the government, which developed such an argument, to take a U.S.-oriented approach. However, the government should search its soul on its attitude, which puts security ahead of its duty to comply with domestic laws.

The government rejected Mr. Chibana's entry, saying: "Just walking around will cause mechanical problems." A picture of a one-ton lawn mower running across Sobe gave the Okinawan people an impression that what Tokyo says was a nonsense. The government, which tried to pull a trick on the local people, cannot escape from criticism that its "face" is always turned to the United States.

Okinawa is constantly disappointed by such an attitude from Tokyo, and this has resulted in distrust of the government. If the government continues catering to the United States, it will give rise to the question of what a constitutional state is. The government must have realized this dangerous possibility a little bit earlier.

In this sense, there is great significance in the fact that Mr. Chibana gained permission from the court to enter Sobe. Learning a lesson, the government, which ended up compromising after a series of negotiations, should pay more attention to domestic matters and formulate policies with self-reliance. Otherwise, it cannot restore the trust of the Japanese and the Okinawan people.

Japan: Ministry Spokesman Criticizes ROK Construction on Takeshima

OW3004100196 Tokyo KYODO in English 0926 GMT 30 Apr 93

[FBIS Transcribed Text] April 30 KYODO — Japan lashed out at South Korea on Tuesday [30 April] over initiating construction of berthing facilities on one of the South Korean-held islets which are also claimed by Japan.

"Japan's position on sovereignty over Takeshima has been consistent. We can never approve to South Korea building berthing facilities," Foreign Ministry spokesman Hiroshi Hashimoto said at a news conference.

Hashimoto made the comments in response to South Korea's beginning construction Monday of an 80-meter-long wharf with berthing installations on the islet, which is part of the island group known in Japan as Takeshima and Tokdo in South Korea.

But the spokesman added that Tokyo does not want the decades-old dispute over the islands in the Sea of Japan to sour bilateral relations with Seoul.

Japan: Hashimoto Names Members of Advisory Body to APEC

OW3004084296 Tokyo KYODO in English 0602 GMT 30 Apr 96

[FBIS Transcribed Text] Tokyo, April 30 KYODO — Prime Minister Ryutaro Hashimoto on Tuesday [30 April] named three businessmen as Japanese representatives for a new advisory group to the Asia-Pacific Economic Cooperation (APEC) forum, government officials said.

The three who will represent Japan at the APEC Business Advisory Council (ABAC) are Minoru Murofushi, 64, president of Itochu Corp., Nobuo Tateishi, 59, chairman of Omron Corp., and Kenzo Nakagawa, 58, president of Showa Plastics Co., the officials said.

The establishment of the council as successor to the now-defunct Pacific Business Forum, which was also an advisory body to the 18-member APEC forum, was decided at the regional grouping's high-level talks in Osaka last November.

Murofushi and Tateishi were the two Japanese delegates at the Pacific Business Forum, which offered a set of recommendations to APEC leaders in 1994 and 1995.

The APEC Business Advisory Council will shortly hold an inaugural meeting, with each APEC member economy sending up to three representatives, the officials said.

Japan: MOFA Spokesman Discusses Sino-Russo Ties, KEDO

OW3004102596 (Internet) Japanese Ministry of Foreign Affairs WWW in English 26 Apr 96

[News conference by Japanese Ministry of Foreign Affairs spokesman Ken Shimanouchi with unidentified reporters on 26 April; place not given; from the "What's New" link]

[FBIS Transcribed Text] [Topics of Discussion]

I. Announcements to the press

A. Emergency aid from the Government of Japan to displaced persons of the Republic of Lebanon

B. Golden Week travel itinerary of Minister for Foreign Affairs Yukihiko Ikeda

II. Minister for Foreign Affairs Yukihiko Ikeda's upcoming meetings with Belgium leaders and the Director-General of the North Atlantic Treaty organization (NATO)

III. The relations between the Russian Federation and the People's Republic of China

IV. Reports of a possible visit to Japan by a representative of North Korea

V. Korean Peninsula Energy Development Organization (KEDO) membership issues

VI. Ministry of Foreign Affairs Golden Week press conference and background briefing schedule

I. Announcements to the press

A. Emergency aid from the Government of Japan to displaced persons of the Republic of Lebanon

Foreign Ministry Spokesman Ken Shimanouchi: Good afternoon, gentlemen. As you are well aware, as a result of the deterioration of the situation in Lebanon, about 400,000 people have been displaced or otherwise afflicted. On 19 April, the UN Security Council adopted a resolution calling on the international community to extend assistance to the displaced and afflicted persons of Lebanon. In response to this appeal, the Government of Japan decided this morning to extend emergency aid worth US$1 million to the afflicted people of Lebanon. This assistance will be channeled through the International Committee of the Red Cross. That is my first announcement.

B. Golden Week travel itinerary of Minister for Foreign Affairs Yukihiko Ikeda

Spokesman Ken Shimanouchi: Foreign Minister Ikeda will be departing tomorrow for an eight-day trip to three countries. First, he will be visiting the Kingdom of Belgium, where he will attend the Japan-EU Ministerial Meeting. He will also be having meetings with Belgian leaders and with Secretary-General of the North Atlantic Treaty Organization (NATO) Javier Solana Madariaga. In the Republic of South Africa, he will be attending the General Assembly of the United Nations Conference on Trade and Development (UNCTAD). He will also have meetings with leaders of the Government of South Africa. On the last leg of the trip, he will be visiting the Republic of Turkey, where he will be having discussions with top leaders of the Government of Turkey.

Those are the announcements that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Minister for Foreign Affairs Yukihiko Ikeda's upcoming meetings with Belgium leaders and the Director-General of the North Atlantic Treaty Organization (NATO)

Q: Could you tell us exactly when Mr. Ikeda will meet the Belgium leaders and the Secretary-General of NATO?

A: He will be meeting Director-General Solana in the evening of 28 April. This is local time in Belgium.

III. The relations between the Russian Federation and the People's Republic of China

Q: What is the Japanese reaction to the so-called strategic alliance between Russia and China which was just announced?

A: We know very little about the visit of President Boris Yeltsin of the Russian Federation to the People's Republic of China. We got the text of the communique only a short while ago, so my comments will have to be of a very general nature. In recent years, the relations between Russia and China have become closer. President Yeltsin's visit to China, we believe, is proof of that. It is our hope that the development of the ties between Russia and China, including the agreement on confidence-building measures, will be conducive to peace and stability in the Asia-Pacific. With regard to arms transactions between the two countries, we hope that the two countries will give due regard to peace and stability in the Asia-Pacific region. Furthermore, both Russia and China are members of the ASEAN Regional Forum (ARF), and we hope that the two countries will make further contributions to the enhancement of transparency of the security policies of the ARF members.

Q: Would you say that this announced alliance might be a counterbalance against the Japan-U.S. Security Declaration which was announced a couple of weeks ago?

A: Do you have in mind specific language used in the declaration, such as "the opposition to hegemonism," and things like that?

Q: You mean the Chinese declaration?

A: I mean the Joint Russia-China declaration.

Q: I understand that it specifically, or that at least a Chinese Foreign Ministry spokesman stressed that this is not a military alliance. At the same time, a paragraph in the declaration stressed closer ties, etc. And, that declaration was accompanied by Russian licensing of production of jet aircraft. Against this backdrop, I wonder whether it might have been worked out as a kind of counterbalance to the Japan-U.S. Declaration?

A: We do not see things that way. I thought you had in mind the language, "the opposition to hegemonism," used in the declaration. This is nothing new. This has been used in past declarations issued between the two governments.

IV. Reports of a possible visit to Japan by a representative of North Korea

Q: There are reports that a senior North Korean official will visit Japan in early May. Would you comment on that?

A: This is a matter being handled at the level of political parties, so there is very little I can say on this. There was a report in one of the morning papers today which suggested that a decision was made by the ruling political parties to receive this visit, but we are told that no such decision has been made.

Q: You mean on the governmental level?

A: No, I mean at the level of political parties; no decision for the three political parties to receive this delegation. We are told that no such decision has been made. We understand that the three political parties are of the view that relations between Japan and North Korea should be handled at the government-government level.

V. Korean Peninsula Energy Development Organization (KEDO) Membership Issues

Q: There was a report by the European Union Commission that the organization on atomic energy of the European Union, called EURATOM, has voiced that it would like to join the KEDO, the Korean Peninsula Energy Development Organization. Has the Government of Japan received any contact at all along that line from the European side?

A: On 24 April, the European Union Commission issued a press release stating that the EURATOM will become a member of the Korean Peninsula Energy Development Organization (KEDO), and that over the next five ears, they would be contributing ECU 15 million to the KEDO annually. This is just a proposal at the commission-level, and it is subject to approval by the Ministerial Council. We see the proposal of the EU Commission as a manifestation of the positive approach that the EU is taking with regard to the question of North Korea's nuclear development program. As I said, this proposal still has to be discussed among the EU members. But, we are hopeful that the EU will decide to make contributions to the KEDO which are commensurate with the EU's international standing and responsibilities in the international community.

Q: So, you mean that at this moment, there has been no official proposal to the three countries of Japan, South Korea, and the United States, concerning European participation in KEDO?

A: My understanding is that they are still in the midst of their decision-making process. A decision has been reached at the level of the EU Commission, but this had to be approved by the Ministers of the EU. That is my understanding. So, it is our hope that the Ministers will look at this proposal in a favorable light, and decide to make contributions to the KEDO. That is our position.

Q: I understand that Japan and other relevant countries have been officially or unofficially soliciting the EU to join KEDO. Is that correct?

A: Yes. Not just the EU, but countries in Asia and the Middle East. We have been making joint efforts with the Republic of Korea and the United States to bring as many countries on board as possible.

VI. Ministry of Foreign Affairs Golden Week press conference and background briefing schedule

Q: What are the scheduled press briefings during the Golden Week?

A: We will be having the regular press briefing on Tuesday. Thank you very much.

Japan: 'Country of Origin' Labeling Required for Imported Meat

OW3004081196 Tokyo KYODO in English 0607 GMT 30 Apr 96

[FBIS Transcribed Text] Tokyo, April 30 KYODO — The Ministry of Agriculture, Forestry and Fisheries issued a notice to meat dealers Tuesday [30 April] requiring labeling on the country of origin for imported beef, pork and chicken, ministry officials said.

The officials said the ministry notice followed the outbreak of mad cow disease in Britain.

The ministry plans to revise the existing rules on meat transactions as early as July in consultation with the Fair Trade Commission and will include a provision for penalties against violators of the labeling regulation.

They said Tuesday's notice does not mention penalties against violators.

The Japan Meat Information Service Center, affiliated with the ministry, said the country of origin is shown in 84 percent of imported beef sold at retail shops.

The ratios are 75 percent for imported pork and about 67 percent for chicken, the center said.

Japan: Repealing Holding Co. Ban During Diet 'Very Difficult'

OW2904003696 Tokyo KYODO in English 1219 GMT 26 Apr 96

[FBIS Transcribed Text] Tokyo, April 26 KYODO — A ruling coalition task force has effectively given up a target of revising the Antimonopoly Law to repeal the ban on holding companies during the current Diet session through June 19, coalition sources said Friday [26 April].

The move stems from a deep rift between the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP) — the two largest coalition members — over how much restrictions on holding companies should be eased and labor issues related to holding companies, the sources said.

"While it is possible to submit a bill during the session, we are in a very difficult situation to gain a parliamentary approval of the bill," Kisaburo Tokai, who chairs the task force, told reporters.

The tripartite coalition, which is formed by the LDP, the SDP and New Party Sakigake [Harbinger], had worked to outline the bill before the "Golden Week" holiday period from late April to early May.

They will continue working for a deal on lifting the 49-year-old ban. "The tripartite agreement (struck in January) to revise the law during the current session, if possible, is not dead yet," Tokai of Sakigake said.

The parties hope to finalize the outline of the planned bill when the Golden Week is over. They are expected to seek to pass the bill through the Diet at or after an extraordinary session in the fall, the sources said.

The coalition has already submitted for parliamentary debate a separate bill calling for amending the Antimonopoly Law to reinforce functions of the Fair Trade Commission (FTC) by upgrading its secretariat and taking other measures.

The parties in February gave up a plan for packaging a bill addressing both the lifting of the holding company ban and FTC reinforcement.

The LDP earlier this week eased its demand for deleting Article 9 of the Antimonopoly Law to completely lift the ban, saying it would accept the condition that holding companies will remain banned if they lead to excess concentration of business power.

But the SDP insisted on keeping the article in place because of concern over possible resurgence of powerful business conglomerates which dominated Japan's prewar business circles.

Over the scope of holding companies to be authorized, the SDP insisted that they should be limited to four types, including those used to spin off business divisions of a given company and those formed by venture capital companies.

The LDP wanted to add a "miscellaneous" category to authorize the use of holding companies as an alternative to corporate mergers and for other purposes.

On labor issues, the SDP said the Labor Union Law should be amended to allow employees of subsidiaries to collectively bargain with management of the holding company.

The LDP, however, took the position that labor laws and the holding company ban are two separate issues.

In tandem with the political party talks, the Japanese Trade Union Confederation (Rengo), the country's largest labor organization, held talks with the Japan Federation of Employers Associations and the Federation of Economic Organizations, both representing management, at the request of the coalition.

But they failed to bridge the gap.

To break the deadlock, the three parties are proposing that Rengo and the business circles hold another round of talks after the Golden Week holidays end, the sources said.

Japan: Impact of Jusen Scandal on Politics Analyzed

962B0065A Tokyo VOICE in Japanese Apr 96 pp 116-131

[Article by Jun Eto, critic: "Jusen Diet and Wisdom of Politics"]

[FBIS Translated Text]

I. I am one person who believes that the small but solid news stories in the newspapers are written more interestingly than the big headlines. For example, I go to a foreign country and buy a newspaper. As I scan through it and catch sight of an interesting article, it is more often a small but solid news story. A seemingly insignificant story on the second or third page develops later into a major event more often than a news story that appears with photos on the front page.

It is the same with newspapers in Japan. An article with an inconspicuous makeup attracts more attention with its content than an article lavishly displayed with much fanfare by the city desk department. I have spent more than 40 years working in the media looking at newspapers every day, so perhaps I have unwittingly acquired this habit. I think it was on 4 January this year. I do not remember the newspaper, but there was a boxed political item at the bottom of the second page. It stated that Prime Minister Murayama visited the Ise Grand Shrine this year. He did not visit the shrine in January last year, but went in April instead and merely signed the register as "Tomiichi Murayama," worshipped, and departed. This year, however, he signed the register as "Cabinet Prime Minister Tomiichi Murayama." That was the extent of the story without any comment added.

When I saw the article, I was struck with surprise. Why did Mr. Murayama sign his name with his title of "Cabinet Prime Minister" attached? Although it is possible that he may have gained self-confidence to the point where he felt ready to use his title at the second New Year since he took office, I did not think that was the case. I felt that perhaps he was going to resign from his post in the near future.

Mr. Murayama is currently a member of the Social Democratic Party [SDP], but he was then chairman of the Japan Socialist Party of Japan [JSP] and in charge of administration. If the start of his political career as a socialist or a former member of the Jichiro [All-Japan Prefectural and Municipal Workers' Union] is taken into account, given the fact that the Ise Grand Shrine is a symbol of state Shintoism, he may have signed his name as an individual. However, Mr. Murayama is also a Japanese. He went to the Ise Shrine on New Year's Day as a Japanese who had attained the highest rank possible. In addition, he was a successor to the prime minister's tradition in Japan of visiting the shrine with the rank of cabinet prime minister in the new year. It was a fact, and he would like to leave a public record by registering his present official position.

People tend to have an almost instinctive desire to leave their mark on history. My impression was that he had recorded his rank because it could be his last visit to the shrine.

The reason I reacted this way was that I had also felt that Mr. Murayama should have resigned earlier. After Shinshinto [New Frontier Party or NFP] made its debut in July last year during the upper house election, which ended in a rout for the JSP, I felt that the raison d'etre for the Murayama administration and its strength for survival had de facto dissipated.

The Murayama administration's energy for survival has simply disappeared. In the first place, the reason for the formation of the Murayama cabinet on 30 June 1994 was to regain ruling power from the "old coalition" — established with the Hosokawa cabinet and succeeded by the Hata cabinet — by resorting to the strange step of conceptualizing a cabinet with JSP Chairman Murayama as the head to form an "LDP-JSP-Sakigake tripartite coalition." The cabinet was created for mere convenience's sake with no particular goal. It was formed merely to capture and retain ruling power. Such was the nature of the Murayama cabinet from the outset.

However, because the basis for maintaining the administration has been severely criticized by the people after its defeat in the July upper house election, it is impossible to prolong it any further. This judgment is inevitable, based on the logic of parliamentary politics alone. Moreover, it has become clear to the people that the cabinet with the sole purpose of maintaining rule could neither cope with the Hanshin Great Earthquake of 17 January last year nor the subway 'sarin' incident of 20 March. Because it was the reason for its defeat in the upper house election, it would not have been strange for a change in administration to have taken place at that juncture.

It was reported that Mr. Murayama himself had considered this and that his abdication of power to the then LDP President Yohei Kono was about to materialize. However, various pretexts were made that Mr. Murayama should be in charge at the APEC [Asia-Pacific Economic Cooperation] conference in Osaka or that his foreign affairs schedule must be met, and the administration remained to draft two additional government budget proposals.

According to rumors, during this time, Prime Minister Murayama repeatedly confided to his close associates that he "wished to resign." He is already past the age of seventy. He undoubtedly suffers from the wear and tear of his heavy duties as prime minister, although the general public may consider him to have many more years of service. I believe, therefore, that it is natural for Murayama to "wish to resign" not only from a political standpoint, but also from a physical standpoint.

Notwithstanding, the LDP-JSP-Sakigake parties have prolonged the Murayama administration, forcing the prime minister to remain despite his intermittently expressed desire to resign. These parties have absolutely refused to hand over the reins to the NFP, which is attempting to wrest power by forming a major party of 170 lower house dietmen, or to accede the rule to Ichiro Ozawa.

Meanwhile, however, the failures of the Kizu Credit Union and the Hyogo Bank surfaced, followed by the scandal involving a 110 billion yen deficit at the New York branch of the Daiwa Bank in September and the revelation that a single temporary bank employee was responsible for the huge debt. Moreover, the bank officials attempted to hide it from the U.S. Department of Treasury. Regarding attempts to conceal the debt, a situation arose which indicated that it was not only a problem of Daiwa alone but also of the Ministry of Finance [MOF] as the supervisory agency. This resulted in Japan's disgrace before international society. I felt that, under the circumstances, the significance of continuing the Murayama administration was lost and it should resign as soon as possible.

As mentioned before, the Murayama cabinet was a tripartite coalition cabinet with the LDP and JSP forming an illicit union and the Sakigake serving in an adhesive role. Representing that role was former MOF Minister Masayoshi Takemura. Takeo Miki once played the role of "the Balkan politician" to the hilt, and Takemura is an indomitable "Balkan politician" who equals if not surpasses former Prime Minister Miki.

Takemura was chief cabinet secretary of the Hosokawa cabinet as well as finance minister of the Murayama cabinet. When he became chief cabinet secretary in the Hosokawa cabinet, he had served only two terms in the lower house. In other words, he appears to have targeted the top posts in each cabinet. Is he one who still believes in the typical myth of the Meiji-Taisho eras of gaining worldly success by walking step-by-step up the ladder and eventually becoming prime minister? Or is he a man with an unlimited thirst for power? It is not clear whether he has integrity or not. In any case, I have always considered him an enigma.

It may be concluded that it does not matter what inner thoughts a politician may have or what his burning desires are, and that any scoundrel could become a good politician as long as he serves the national interest. I believe it is erroneous to demand morality from a politician. I do not intend to criticize Takemura's personal character because I believe that a Confucian scholar should not necessarily have to belong to the Chu-tzu school of philosophy but preferably to the Ogyu Sorai school.

However, despite his incumbency as finance minister immediately after the scandalous financial failures of the Kizu Credit Union and the Hyogo Bank, Takemura led a demonstration to the Mururoa Atoll protesting France's nuclear testing. I received the impression that, as one who was in charge of the nation's finance and economy, it was misplaced and irresponsible behavior. I felt that criticism was in order. Therefore, when I was asked by the BUNGEI SHUNJU for a discussion, I stated that Takemura was a politician who was unworthy of trust. The discussion was carried in the New Year edition of the BUNGEI SHUNJU published on 10 December.

Subsequently, I had to submit several articles by year end, and the last article was carried in the New Year edition of the SANKEI SHIMBUN in its "Seiron" column. Because I was asked to finish the draft by the 22d or 23d at the latest, I wrote the script on the 22d and sent it by fax to the editorial office of the SANKEI SHIMBUN around 6:00 PM.

The intent of the article was to urge Prime Minister Murayama to resign as soon as possible. Previously in the BUNGEI SHUNJU, I had criticized Finance Minister Takemura who served in a mediatory role for the LDP-JSP-Sakigake coalition cabinet. Next came Mr. Murayama who was the "parent turtle." Actually, it was not clear who was the parent turtle and who was the child turtle. In any case, I wrote as follows: "Prime Minister Murayama, you have done many things which damaged the pride of the Japanese people last year — particularly relative to the 50th postwar anniversary events. Moreover, you have committed innumerable administrative faux pas. The Murayama cabinet, which ignored the fine qualities assiduously cultivated by the Japanese people in modern history and sullied the people's self-respect, should bow deeply in apology before the people and resign in early 1996."

The printed galley of the script was forwarded to me on 26 December. On New Year's eve, the SANKEI copy desk informed me that "the edition will come out on 5 January."

II. Compared to the previous year, the first day of the new year was a clear day. Prime Minister Murayama paid a visit to the Ise Grand Shrine and was asked: "What is the purpose of your visit?" He replied: "The same as any visit on New Year's day." As I mentioned before, he signed the register as "Cabinet Prime Minister Tomiichi Murayama." When I read the SANKEI SHIMBUN that was delivered the following day, 5 January, my article was in the "Seiron" column.

On the afternoon that day, I was taking a nap because I was expecting guests in the evening to drink New Year's toasts. I was dozing when the phone rang. My wife answered the phone, but I was no longer sleepy since my nap was interrupted. Although electronic sounds are all similar, I sensed that this sound was unusual and this indicated that something was up. So I decided to cut my nap short. This is when my wife called out: "It seems that Mr. Murayama has resigned." Surprised, I shouted: "What!"

The call had been from a friend who is an assemblyman in Kamakura City. "I had just read your article urging Mr. Murayama to quit and was watching television when it was announced that Prime Minister Murayama has expressed his intention to resign, and that a news conference will be held at 3:30 PM, so I called you immediately." So, my intuition was accurate after all. It was still before 3:00 PM, and I immediately turned on the television and waited for the 3:30 PM news conference on the resignation announcement.

Mr. Murayama personally announced his decision to resign, saying: "I have done my best." I realized that Tomiichi Murayama was quite an actor because he had previously indicated his intention to continue in his news conference, which followed his visit to the Ise Grand Shrine. At first glance, he appears to be sincere and may be so as an individual person. As a politician, however, he is quite shrewd. After all, only two members of the JSP have become prime ministers in the postwar 50 years. They were Tetsu Katayama during the postwar occupation and Tomiichi Murayama who served during the 50th postwar year. I felt that, as one of the duo, it is natural for him to be so shrewd.

The fact is that in the "Seiron" column of the SANKEI SHIMBUN, I wrote as follows: Mr. Murayama should resign at the earliest chance possible, and the LDP leader should subsequently form a cabinet in line with the normal path of parliamentary politics. Moreover, the cabinet must be an election management cabinet with the dissolution of the lower house, and the people's will must be represented. Also, the Diet formed after the election must become the forum for new politics.

The political situation has progressed along that path, at least concerning the successor party leader. Given the extremely ridiculous and numerous political changes of the past, the recent change was appropriate. Ryutaro Hashimoto, as the LDP president and erstwhile MITI [Ministry of International Trade and Industry] minister, became the successor prime minister.

Murayama's resignation was announced on the afternoon of 5 January, and the Hashimoto cabinet was installed on 11 January. It took six days to form the cabinet. At the outset, the newspapers reported that Kosuke Hori was the likely candidate for chief cabinet secretary. He is the son of Shigeru Hori, the late lower house president, and a graduate of Keio University. He is a fellow alumnus of Prime Minister Hashimoto with both graduating in adjacent years. Mr. Hashimoto reportedly has few friends within his own party. However, among them, Mr. Hori is one who is relatively easy for Mr. Hashimoto to talk to. Although Kosuke Hori is currently an independent, he was formerly a member of the Tanaka faction and is close to Mr. Hashimoto, factionally speaking. He is a serious man of few words and a sound disposition, which he inherited from his father.

Shigeru Hori was an outstanding chief cabinet secretary in the Sato cabinet, and I thought: "If Kosuke Hori becomes chief cabinet secretary, it will mean two successive generations of chief cabinet secretaries."

However, in the final stage of cabinet appointments, Seiroku Kajiyama suddenly surfaced. Ultimately, the cabinet was formed with Prime Minister Ryutaro Hashimoto and Chief Cabinet Secretary Seiroku Kajiyama as a team.

My first thought was that Kajiyama's appointment as chief cabinet secretary, instead of Hori, was extremely noteworthy. It was because I feel that a cabinet is characterized by the selection of its chief cabinet secretary.

One of the forces in selecting the Hashimoto cabinet was of course the present LDP executive board consisting of Secretary General Koichi Kato, Chairman Taku Yamasaki of the Policy Research Council and Chairman Masajuro Shiokawa of the General Council. The senior veteran Dietman is usually appointed chairman of the General Council. Therefore, if Shiokawa is excluded, the board would, in effect, consist of the so-called "YKK team." Of the team, the other "K" is Junichiro Koizumi, who ran for the prime minister's seat and was defeated. Nonetheless, he has made quite a name for himself. Since he is presently a temporary observer, let us put him aside for the time being. Thus, the present LDP executive board consists of "YKK minus K," or Kato and Yamasaki plus their close associates.

Actually, among the LDP, it was not only Kato and Yamasaki, but also Shizuka Kamei and Hiromu Nonaka who had aggressively supported the LDP-JSP-Sakigake coalition since the Murayama administration. The fact that the "YKK executive board plus Kamei and Nonaka" brokered the switch from the Murayama administration to the Hashimoto administration means that absolutely no change has occurred in the character of the tripartite coalition cabinet, and that Mr. Hashimoto has merely replaced Mr. Murayama who resigned. Their intention was undoubtedly to retain the LDP-JSP-Sakigake system until the expiration of the current terms for the lower house members.

Shizuka Kamei is an extremely enigmatic person who was considered to be and is self-admittedly a tough and stern member of the ultra-conservative faction. He made the surprising statement that "Prime Minister Murayama is a great and uncommon prime minister, and such a person should be supported endlessly." He made the rounds appearing on television and speaking to news reporters like an advertising executive.

Hiromu Nonaka has become acting secretary general supporting Secretary General Koichi Kato, and is making statements similar to Kamei, albeit in a different style. For example, he says that Mr. Murayama resigned because he was tired; that we should support Mr. Hashimoto until the expiration of the lower house term; that it is possible regardless of what transpires in the interim. In other words, the posture of the present executive board is that "the LDP-JSP-Sakigake system is absolute."

Kosuke Hori, who has declared independent status, is a rarity among today's politicians. He probably believes that a politician must have a good reason for his every move. In other words, he does not sidle up to anyone, but always keeps a distance in his movements. Therefore, if Mr. Hori should become chief cabinet secretary, he would undoubtedly find a coordinating role between the Hashimoto cabinet and the "absolutism of the LDP-JSP-Sakigake system."

Meanwhile, Seiroku Kajiyama was a major player in the now-defunct Keiseikai. Aged 69 and a graduate of the Military Academy, he has been included by Noboru Takeshita in his evaluation of his juniors as "Hata in peacetime, Ogata in turbulent times, and Kajiyama in super-turbulent times." Why has Kajiyama of the "super-turbulent times" appeared at this time?

As the result of a year and a half under the LDP-JSP-Sakigake system" and efforts to maintain the Murayama cabinet, the JSP has indicated a possible major policy about-face by recognizing the national anthem and flag, by legitimizing the U.S.-Japan security treaty as the basis for Japan's defense policy, and by approving of the Self-Defense Forces. In that sense, the cabinet was apparently formed with the "transformation of the JSP into an LDP look-alike." The fact is, however, that within the year and a half "the LDP has been transformed into a JSP look-alike," while the parent body (JSP) has not changed at all.

Particularly when one sees how the 50th postwar anniversary Diet resolution, the comfort women issue, and relations with neighboring nations have been handled, the LDP with more than 200 members in the lower house has been led by the JSP with only 63 Diet members, and is constantly being influenced by the latter. This creates a crisis for Japan's conservative politics. If maintaining the administration is the only purpose, Japan's conservative party will fall into chaos and the LDP will lose its identity. It will become alienated from the strong conservative electorate which has supported the LDP in the past. Is there not an underlying sense of crisis within the LDP, which must never happen, and is not Seiroku Kajiyama the spokesman for such a sense of crisis?

It is rumored that former Prime Minister Yasuhiro Nakasone recommended Mr. Kajiyama for chief cabinet secretary, and that Mr. Hashimoto accepted the recommendation. However, when one considers the reason Mr. Nakasone played a role at all, he merely filled the role as mediator temporarily after the death of Michio Watanabe, who was the successor leader of the faction. He was placed at the top of the faction like an honorary chairman who serves as company president. Does he have the clout to influence the naming of the cabinet? Of course not.

Then, who was the stage manager for the Murayama administration? In the first place, who initiated the concept of capturing the majority of votes with an LDP-JSP-Sakigake coalition and the appointment of JSP Chairman Murayama as the coalition leader instead of the then LDP President Yohei Kono? In considering whose support enabled Mr. Murayama to last for a year and a half, it is none other than former Prime Minister Noboru Takeshita. It was Mr. Takeshita who stood behind Mr. Murayama.

Nevertheless, Mr. Murayama's resignation must be seen as a corresponding blow for Mr. Takeshita. In reverse to Mr. Takeshita's decline, Mr. Kajiyama's star has risen. In other words, the Takeshita-Kajiyama relationship is probably not very close today.

Mr. Takeshita's present position is seemingly volatile. If the LDP executive board with its slogan of "the coalition forever" gains power, it is agreeable with him because, after all, he proposed support for the Murayama administration. Nonetheless, if the situation goes awry, he is not against supporting Mr. Kajiyama. In other words, at that point Mr. Takeshita's confidence in establishing the Murayama administration probably weakened, and became shaky and vulnerable. The Kajiyama-Takeshita connection appears to have loosened to that extent.

Chief Cabinet Secretary Kajiyama has stated: "I will support the Hashimoto cabinet with the mission of restoring the conservative mainstream to the fullest." "To the fullest" means to "support it until its demise." Or it can be interpreted to mean that he himself will determine the time of its expiration, and that it is his duty to decide when the curtain falls.

In that sense, the cabinet installation with Seiroku Kajiyama as the chief cabinet secretary is contrary to the slogan of "the LDP-JSP-Sekigake coalition forever." The goal is a single-party LDP cabinet and an early realization of that goal. Toward that end, the aim is to form a new coalition not led by the JSP, but centering on the LDP, or else to seek an early single-party LDP administration. In other words, the timing of the dissolution will be sooner.

Consequently, the character of the Hashimoto administration from the outset as an election management cabinet remains latent. The cabinet's intention, or Mr. Kajiyama's intention expressed through the cabinet, seems to be that it is all right for that character to be exposed, or that the cabinet will expose the character if it is deemed to be the proper direction. It can also be interpreted as saying: "Since we are supporting you, Mr. Hashimoto, you are in the same boat." Therefore, Chief Cabinet Secretary Kajiyama and the personnel move involving him merit watching.

III. That is how the Hashimoto cabinet was formed and how the ordinary session of the Diet began. However, it has been clear since late last year that the new cabinet must deal for the first time with the major task of settling the "jusen" [housing loan companies] issue.

In fact, Prime Minister Murayama held a news conference late at night on 19 December 95 or early in the morning of 20 December. At that time he stated clearly that he would settle the "jusen" issue with an infusion of 685 billion yen in public funds. Why is he supplying a huge amount of public money to the mother banks that were intoxicated by the bubble economy and left matters up to the "jusen," which put themselves at risk with loans to 'yakuza'-type real estate companies without proper collateral checks? He further declared that defrayment of 685 billion yen in primary losses alone would be included in the FY96 [fiscal year 1996] budget. Protests against passing such a budget already began to be heard late last year, with the current Diet session being called the "jusen Diet."

In view of the fact that the finance minister must bear the brunt of appearing before the "jusen Diet," there was a move in the early stage of the cabinet selection to appoint Seiroku Kajiyama to that post. There were also newspaper articles pointing out that "a top figure should be appointed finance minister."

However, Mr. Kajiyama strongly declined. He not only declined, but he also stated: "I am willing to accept it, provided the budget is submitted with a freeze on the infusion of 685 billion yen in public funds." The MOF was shocked by his statement and withdrew, saying that it was absurd and would mean a loss of face for the MOF. It was in effect a rejection of his appointment as finance minister, which was more than a mere dislike. Despite such aversion, Kajiyama became chief cabinet secretary — the cabinet's chief steward.

At that point the term "freeze" surfaced for the first time. What does the term imply? It is quite a troublesome term.

If we consider its reverse implication, it was probably a warning to those who broached the subject: "The budget will not be passed unless it is frozen and shelved. If it is demanded that it is accepted in toto without being shelved, and is deliberated, you must of course be prepared for dissolution (of the Lower House). At that point, the cabinet will be stalled. Can you understand that?" I think that it was perhaps a hint saying: "If you intend to open the Pandora's box, every kind of skeleton will emerge. Do you believe that a cabinet can be formed under such circumstances?" The "jusen issue" is an extremely difficult issue.

There is another episode which equals the signing of the shrine register as "Cabinet Prime Minister Tomiichi Murayama." It was also carried as a boxed article in a corner of the political section. It concerns Ryutaro Hashimoto, who assumed the prime minister's post and was moving from his hotel to the official residence. The prime minister's official residence is an old structure and is variously described as bringing bad luck, or is full of cockroaches and noisy rats, or is easily entered by thieves without detection.

When Mrs. Hashimoto, the first lady, went to inspect the residence, she reportedly said: "A lot of things are said about it, but it is an extremely attractive building. However, I am not sure how long we will be able to stay here." Her statement: "I am not sure how long we will be able to stay here" can be interpreted normally as a splendid attitude on the part of the prime minister's wife that she must move whenever the prime minister leaves his post, and that she is fully aware of it.

However, delving deeper into her words would indicate that Mrs. Hashimoto is a mature lady who understands politics as well. There is no reason why Mr. Hashimoto would tell her that "I do not know when I must face dissolution," and he probably has not done so. Nonetheless, she may have surmised with a typically sharp intuition that their stay in the residence may not be very lengthy.

Chief Cabinet Secretary Kajiyama declined the MOF post, saying: "I will not become finance minister without a freeze." Mrs. Hashimoto stated: "I do not know how long we will be able to stay here." Given the fact that the chief cabinet secretary serves as a "helpmate" in the cabinet, the newspaper reports can be interpreted to imply that both are "helpmates."

The "jusen Diet" has opened. When the prime minister delivers his policy speech, I am not sure where the separate budget drafts from the various agencies are pieced together and coordinated. I wonder when the time-honored custom of preparing such voluminous drafts and reading them began. It may be comparatively recent, because I heard that it began sometime during the Sato cabinet. There may have been rough drafts of policy speeches made under the former constitution, but they were much simpler and were imbued to a considerable extent with the prime minister's unique style. However, Mr. Hashimoto appeared extremely rigid in his rendition of his speech and did not look up once as far as I could see. He could have made some gestures such as looking around the hall even at the risk of diverging somewhat from his text. He seemed extremely tense and never looked at his audience.

Speaking of tension, Ichiro Ozawa, who interpellated for the first time in his life as the head of the New Frontier Party [NFP], could have shown a little more fire, but he proved to be surprisingly conciliatory. He did not pursue, or was unable to pursue Hashimoto. There was an atmosphere of "blood is thicker than water."

This was also to be expected, depending on one's interpretation, given their relationship as fellow members of the old Tanaka faction, the Takeshita faction, and the Keiseikai. They competed as colleagues and cooperated with each other as well. When Ozawa became head of the NFP late last year while the Murayama cabinet still existed, and Mr. Ozawa stepped into the LDP president's office for the first time in many years during his round of greetings, he asked (Hashimoto) "for your cooperation" as the NFP leader. Whereupon Mr. Hashimoto, who was already party president but still MITI minister, remarked either that "a scary person has come" or "a strong person has appeared," and it caused an awkward moment. I saw a scene on television which caused me to ponder. The atmosphere which prevailed between the policy speech and the interpellations may provide a key to the future political situation.

In other words, perhaps two axes currently exist within the LDP in the form of "the YKK versus the old Keiseikai." The "YKK plus Shizuka Kamei-Hiromu Nonaka" represents those who support "the LDP-JSP-Sakigake union forever," while the "old Keiseikai" is represented by the Kajiyama-Hashimoto-Ozawa trio. I cannot help feeling that the three are actually close to each other. They were close before and are perhaps still close.

As to what they are thinking, I believe they are thinking of how to salvage the present political situation. If the "jusen Diet" drags on endlessly, there is no telling how many skeletons could come out of the closet, and the LDP may not be the only party to suffer the consequences. The NFP could also suffer, and there are potential problems with far-reaching effects.

There are the mother banks, the MOF as the supervisory agency, the Bank of Japan, the "jusen," the real estate companies, and the mobster organizations. If their vertical relationships are totally cut off, the disintegration of the financial order would be the least source of worry. The dark side of society itself could be completely extracted. In such a case, there is the risk that the situation could no longer be salvaged. It could be potentially more devastating than the (Kobe) earthquake or the sarin incident. Therefore, extremely farsighted political wisdom is required to cope with it.

Can such political wisdom be exercised with the maintenance of the current administration as the supreme task? The trio appears to have a common understanding that, as colleagues of the old Keiseikai, they can exercise such wisdom and avert mutual confrontations based on unavoidable circumstances. The political situation cannot be salvaged otherwise.

If politics is prepared to accurately cope with the people's anger and anxiety concerning the problem or with the endlessly arising social evils, I believe that the inevitable conclusion is for politics to carry out "a customized minor revolution" or dissolution/general election, which are the advantages of a parliamentary cabinet system, and to start out anew by conforming to the people's will. A fresh start itself will help solve the problem.

IV. What are the thoughts of NFP Chairman Ozawa, who is interpellating for the first time in his life? He is undoubtedly hoping for an early dissolution and a general election, and to capture a majority vote through the new election law based on smaller electoral districts, with open goals easily understandable to everyone.

However, failure to win a majority is also possible. In that case, he would probably consider a conservative-conservative coalition. Or, a segment of the Social Democratic Party [SDPJ] could form a component for a new coalition. The "old coalition" actually leaned toward the JSP right wing, whereas the "LDP-JSP-Sakigake coalition" leans toward the left wing. Consequently, the right wing has the potential of becoming the component for a new union, and Mr. Ozawa is probably thinking of broadening his options as much as possible to deal with the post-election political situation.

However, it must be remembered that rumors indicate that, the Communist Party aside, there is actually no one among the present parliamentarians who believes that the equation of the LDP-JSP-Sakigake coalition versus the NFP will continue after the election. The LDP and the NFP will both fracture, the SDP will sink, and the Sakigake will turn into froth and attach itself to some other organization. Such a restructuring is expected to take place.

At this juncture, the political funds issue comes into focus. Funds must be gathered before the election and will serve no purpose after it. When asked for money, the financial circles have no idea as to whom and how they should support or how the funds can be useful. The politicians can therefore say: "We are presently facing off, but we are close to the other side. You can either contribute to the other side or to our side."

In other words, the nature of the next lineup or coalition is an unknown factor. Neither the politician, the financier, nor the union can foresee it. Notwithstanding, not a single person believes the present framework will continue after the election, because no one has yet experienced the pending small district election.

Forming the backdrop for the opaque political situation, the confusion among the Dietmen and the daily newspaper reports on the resurrection of the medium district system is the underlying sense of reality among the people that the election is closer rather than far off. Funds must be gathered for the election, but the money does not come in. There is angst concerning the election outcome.

Regardless of politics in Japan, Britain, or the United States, the most important thing for the politicians in any nation based on an electoral system and a parliamentary system is winning in the next election — even more than the nation's security or prosperity. However, despite the hope for victory, those who lack confidence run around in confusion in a situation where it is unclear how many votes are necessary to win or how much funding is needed.

For example, there is Hajime Funada of the NFP. Why does he scurry around in confusion? It is clear by looking at his electoral district. Funada hails from Tochigi Prefecture, and Susumu Yanase is a candidate from the same district. Yanase is supported by Mayumi Moriyama of the LDP. Ms. Moriyama remains an upper house member without switching to the lower house. Kinji Moriyama and Mayumi Moriyama were a loving couple, but her husband Kinji, former director of the Science and Technology Agency, passed away. All of the Moriyama votes seem likely to go to Yanase. If so, the scion of the illustrious Funada family of Sakushin Gakuin in Tochigi Prefecture, which has kept its Diet seat since the era of his grandfather Naka Funada, could lose his seat. Under such unfavorable circumstances, it would not be strange if he leaned toward the LDP in order to ask for half of the Moriyama votes. He might say: "I am not against Mr. Ozawa. On the contrary, I respect him, but I must move in the other direction." It is an easily understandable case.

On the LDP side, an example is Taku Yamasaki of the YKK trio. Yamasaki hails from the Fukuoka first district and is also reported to be destined toward defeat. With the small district system, the phenomenon is actually taking place. The Dietmen feel that the money sources will dry up without an early dissolution. They can hold on if allowed to serve out their term. However, they cannot avoid becoming confused if they feel pessimistic about riding out the "jusen Diet." Political restructuring has already begun under these circumstances.

In order to give meaning to such matters, one must articulate and punctuate. For example, by separating the LDP from the NFP, one knows which is the ruling party and which is the opposition. In the current political setup, however, this articulation is not feasible. Articulation is seen one moment, but it changes the next moment.

Consequently, those responsible for salvaging the political situation — i.e. Prime Minister Hashimoto, Chief Cabinet Secretary Kajiyama, and Ichiro Ozawa as leader of the opposition — are probably now faced with the task of providing articulation. In the process, how far can they elucidate the truth concerning the "jusen" in order to gain understanding from the people? I believe that in order to win such understanding, prior dissolution is the only way regardless of whether the budget is delayed or not.

From the LDP's standpoint, the opportunity to win the election under the new law has been permanently lost. In fact, there was no alternative to "prior dissolution" of the ordinary Diet. Mr. Hashimoto himself indicated his limited role in forming an election management cabinet. It is believed to have been the utmost option for Mr. Hashimoto.

In other words, what was the nature of his popularity which exceeded 60 percent, or at times even 70 percent, during the forming of his cabinet? In fact, about 75 percent of the opinion polls by the various newspapers indicated a desire for "immediate dissolution." It generally ran parallel with Hashimoto's popularity, or was even about 10 points lower. Therefore, it must be understood that a major element of his popularity was linked to "expectations for a dissolution."

Meanwhile, the LDP executive board thought that the Hashimoto cabinet could be maintained for a long time given the fact that the support rate exceeded 60 percent, which was second highest after the Hosokawa cabinet. However, they read the situation wrong because the support rate for Hashimoto dropped to 50 percent in a month or so. My impression is that, when the Hashimoto cabinet was formed, the public attitude shown in the polls indicated that he was a good prime minister because he would dissolve the Diet early. If that was perceived and implemented, the only remaining scenario would have been to have the Emperor attend and speak immediately following the ordinary Diet session, and then bring out the traditional purple crepe wrapper and dissolve the Lower House, which cannot be done in an extraordinary Diet session.

The authority for dissolution does not exist without becoming prime minister with 288 votes, therefore, Hashimoto must act as if he plans to continue the LDP-JSP-Sakigake coalition. However, the ruckus over the "jusen Diet" would not have occurred if he had changed his colors and exercised arbitrary power after he became prime minister. Mr. Hashimoto could have avoided the allegation that his secretary had demanded 40 million yen. Also, the NFP would have lost face. Mr. Ozawa might have said: "Well, he has done it. It was probably not Hashimoto's idea. Kajiyama was probably responsible."

However, that opportunity has passed. What to do now? As time passes, various weaknesses will probably emerge. If dissolution continues to be postponed, various skeletons will come out of the closet. If it is put off until July, stumbling blocks will abound and result in a situation similar to the Recruit affair which is still fresh in memory. The LDP can survive in case of an early dissolution, but I believe that Mr. Hashimoto could meet the same fate as Mr. Takeshita if the situation remains unchanged — only earlier.

One cannot predict the balance of forces following the next election, but the only person who can clearly understand the distribution or significance of an election under the small district system is the one who created the system. He is none other than Ichiro Ozawa, who used both offensive and defensive tactics at will to become the head of the NFP. There also is upper house member Sadao Hirano, for example, who participated as Ozawa's adviser and is probably also knowledgeable concerning the significance of the new law and its functions. Only a few incumbent upper and lower house members really understand.

Under such circumstances, LDP Secretary General Koichi Kato will of course be in charge of the election. However, I do not believe that he is such a capable person. He does not have the capacity to push through to victory. Perhaps Hiromu Nonaka, the acting secretary general who hails from the Keiseikai, is stronger in elections. Nonetheless, there is no reason to believe he is as well-versed as Mr. Ozawa concerning the functions of the small district law. Perhaps Mr. Takeshita knows, but he is already an aged elder statesman, who has spent a career in medium district elections and may not have a complete understanding. My opinion is therefore that the NFP will not easily fracture until the election is over despite any rumblings between Hosokawa, Hata, Hajime — the apparent stage manager, and Hajime Funada.

Of course, the longer the "jusen Diet" drags on, the more LDP members will be affected, and casualties will also arise within the NFP. The problem is whether to count them out or not.

In effect, will Ichiro Ozawa and Ryutaro Hashimoto stab each other? I do not believe they will. If they do, they will both perish. They were the stars of the old Keiseikai. They must be seen as the two top 'yokozuna' [champion wresters] facing off in the ring as representatives of the East and West camps. If they stab each other, Japan's politics will crumble. They should both be aware of this. Therefore, they will not stab each other. They are probably pondering how both can survive.

The sparring and jabbing contest goes on daily. When will a sign of a decision to halt the contest be given? I believe that Chief Cabinet Secretary Kajiyama is carefully observing every move by the two contestants.

Japan: Impact of 10 Percent Consumption Tax Viewed

962A0043A Tokyo VOICE in Japanese Mar 96 pp 90-98

["Excerpts" of article by Professor Kazuo Yoshida of Kyoto University: "Good-Bye Developing Country Tax Status. Simulation of 10 Percent Consumption Tax. The Consumption Tax Will Have To Rise Sharply Sooner or Later"]

[FBIS Translated Excerpt]

Impact of Ozawa's Idea

When the FY94 [fiscal year 1994] budget was being compiled, an income tax cut was being debated as an economic stimulus measure. The biggest issue then was the problem of a corresponding source of revenue, which is why an increase in the consumption tax arose as a potential solution. Whenever you effect a tax cut by issuing deficit financing bonds, the bonds still have to be retired, which means that you have to make it explicit that fiscal management is going to be responsible. So it came down to the then Hosokawa cabinet proposing a 7 percent "National Welfare Tax," which was to function as an economic stimulus measure at the time of the income tax cut plus an indirect tax increase by staggering the implementation of these two. It was supposed to have taken effect already, not simply as an economic stimulus measure, but as part of the radical tax system reform implemented and carried out over the past several years. But because of opposition from the Social Democratic Party [SDP] and Sakigake, the issue became an indirect cause of the Hosokawa cabinet's demise.

Ultimately, the question of revenue source was deferred as they cut income taxes, including the inhabitant tax, through a 5.5 trillion yen tax rebate which they covered with a one-time bond issue. Then, the Liberal Democratic Part [LDP]-SDP-Sakigake coalition was formed, came to an agreement on tax system reform in September of that same year, and implemented a two-tier tax cut consisting of a permanent cut of approximately half the total amount, 3.5 trillion yen, and the remainder in the form of a tax rebate. As a source of revenue, they decided to increase the consumption tax in FY97 to 5 percent. Simultaneously they decided to abolish the consumption transfer tax and rebate 1 percent of the 5 percent consumption tax to local jurisdictions.

Some 21 trillion yen in Japanese Government Bonds [JGB's], including 12 trillion yen in deficit financing bonds, were issued as part of the FY96 budget and the fiscal deficit reached a historical high. This deficit could not go on indefinitely and eventually the issue of balancing the budget will arise, which, it goes without saying, cannot be done with a 5 percent consumption tax. Eventually, we will have had to discuss increasing the [consumption] tax rate.

It was at this time that Shinshinto made waves by promising to increase the consumption tax to 10 percent during the election for party president. Ozawa's idea also called for the further issuance of approximately 30 trillion yen in JGB's, which was untenable from the standpoint of fiscal management, but it was made clear that increasing the consumption tax was unavoidable. Whatever happens, it is obvious that the nature of fiscal policy and the tax system in the face of an aging society in the 21st century will have to be seriously deliberated.

To the extent that we have to run our country, our citizens must bear the burden for this; it is an obligation stipulated by the Constitution. Someone has to take responsibility for paying back money raised by issuing JGB's. Accordingly, the burden the citizenry must bear depends upon how much is spent in running the country and does not arise from taxation per se. Someone has to pay the interest on the 241 trillion yen in JGB's that will be outstanding at the end of FY96.

The problem is not just a matter of how we levy taxes. The question is whether, if you tax individuals, you tax individual income, consumption, or assets, and whether you levy a single or progressive tax, and how you decide who the taxpayer is.

When the consumption tax was introduced in 1988, we moved away from the Shoup tax system — the underlying structure of our postwar tax system — and pursued a more balanced framework for taxing income, consumption, and assets. The catch phrase, "correcting the direct versus indirect tax" rate was a prime mover in tax reform. Even when the comprehensive tax-based Shoup system was launched, indirect taxes accounted for 45 percent of all taxes. This had fallen to 26.8 percent by 1988. Correspondingly, income tax increased to 34.4 percent of all taxes, meaning that the burden born by salary men, the main income tax payers, increased.

Given that most indirect taxes are primarily discrete commodity taxes and object taxes, most are also specific taxes. Once tax reform took place, the rate of tax liability became successively lower. Furthermore, because the commodity tax existed only with limitations [gentei rekki], the tax itself gave rise to contradictions as time went by. Meanwhile, income tax withholding, mainly salaryman income, has increasingly accounted for more of total tax revenues and in recent years rose from 22.4 percent to 24.9 percent. The tax system turns out to rely on this tax bracket. It goes without saying that the progressive income tax is structured so that the applicable tax rate increases as income goes up. If we cannot cut taxes because of an unbalanced budget, year after year the average tax rate will increase and this will lead to the feeling that we are being taxed heavily.

The consumption tax was introduced to resolve these contradictions. Indirect taxes as a percentage of total tax revenue in FY90 (the average year) increased to 26.3 percent simply by introducing the 3 percent consumption tax. Furthermore, as a measure to deal with the problem of land prices in FY92, the land value tax was introduced and appraisals for fixed assets tax were corrected, thereby strengthening and perfecting asset taxation for the time being. The outcome of this was that by FY93, indirect taxes had rebounded to account for 30.6 percent of tax revenue. As indicated earlier, the consumption tax rate will increase with FY97 tax reform, so we can expect indirect taxes to account for more of total tax revenue. Furthermore, as I will explain in more detail later, if you think income taxes are still high, there is a point in changing to the more desirable tax structure of an income tax cut coupled with a consumption tax hike.

Mechanics of the Consumption Tax Hike

Who ultimately will have to pay the tax? You will have to choose one of three main taxes: income tax, corporation tax, or consumption tax. Japan's corporation tax cannot be unusually high by international standards especially because of worldwide competition where corporation taxes and taxes on capital are being cut. So, in the end you are left with choosing either the income and inhabitant tax or the consumption tax.

The comprehensive income tax that was the basic tenet of the Shoup tax system enacted at the end of the war was considered an ideal system achieving both horizontal and vertical equality. The comprehensive income tax system takes "any increased amount of consumption plus savings" as its tax base. Specifically, the system adds up all income and the tax on this is paid when the taxpayer files a return. Because it adds up all income and taxes and is identically independent of income source, the comprehensive income tax becomes horizontally equitable. And because it encompasses all income, it achieves vertical equality by taxing those with high incomes at a high rate. Another big advantage of the income tax is that it is reasonable in accordance with the taxpayer's real situation, such as the taxpayer's dependents and other such exemptions. The comprehensive income tax was considered outstanding for its equality.

It is not an easy task however, to ascertain and then tax income comprehensively. You must use a uniform rule in calculating just how much income is earned in a year. And only the person paying the tax knows what that is; sometimes not even that person knows. Agreeing on the calculation method is problematic nor is it objective. In addition, because the tax you pay is higher the higher you report your income to be, there is no incentive to file accurately. With the high marginal tax rate under the progressive tax system, the benefits of tax evasion become even greater. You would have to impose an impossibly high penalty, otherwise evasion would be done blatantly and the system would subsidize tax evasion. The fact that the person levying the tax can use discretion with the income tax, as can the taxpayer, means that there are many ways to reduce your taxes. [passage omitted]

At this point the 4-6-9 problem arises. This is a term expressing the amount of income in each industry that actually ends up being taxed. While 40 percent of farmers' incomes are actually taxed, 60 percent of the incomes of self-employed people are actually taxed. In the case of salarymen, because taxes are withheld and manipulation is impossible, 90 percent of their incomes are actually taxed. This is the common perception anyway. In reality, salarymen get around tax liabilities with their fringe benefits. Large Japanese corporations offer many fringe benefits such as company housing, on-site health facilities, subsidized housing loans, benefits for holding the company's stock, and transportation allowances. Most of these are not taxed, and even if they are subject to income tax withholding, the tax liability is extremely favorable. Fringe benefits for corporate executives with high incomes play a particularly significant role. When stockholders are weak as they are in Japan, there are many ways even for salarymen to avoid taxation by using the company's money "flexibly."

The problem the income tax poses is it taxes the person able to evade it lightly, and the person unable to evade it heavily. Generally, being able to evade income tax is unrelated to a person's ability to pay the tax; on the contrary, the richer you are the better you are at evading it. Since this is the case, legalizing a progressive income tax system doesn't have any practical effect. Seen from this perspective, the income tax is essentially an inequitable tax. In other words, the income tax is neither horizontally nor vertically equitable.

In contrast to the income tax, there is no way to manipulate the consumption tax and the tax evasion problem does not arise. However, it is difficult to tax high-income earners because of the difficulty of taxing progressively. People observe that the consumption tax is vertically inequitable. While it is possible to tax consumption progressively as a tax on expenditure, doing so gives rise to the same problem as the income tax.

In the first place, taxing consumption is better in theory than taxing income. A number of problems with the income tax can be observed. First, taxing interest income is double taxation because interest is the product of income, which has already been taxed. Interest is nothing more than the difference in the relative price between present and future consumption. Although future consumption and future consumption plus interest should be identical, the tax actually levied differs although the economic circumstances are the same and this gives rise to inequality. Second, is the difficulty of taxing capital gains with an income tax. It is not just the technical difficulty of taxing unrealized capital gains; if capital gains are consumed at the time they are realized they increase one's consumption capacity, but the likelihood is that they are wiped out. It is not fair not to pay progressive subsidies for capital losses. Third, it is unclear how to tax imputed income such as rent for one's own house. What sort of income is it when farmers and self-employed people use their own homes? Fourth, is how do you treat the family labor of farmers and self-employed people? The tax rate falls under a progressive system of divvying up the income earned among the family. How do you view the contributions made by the housewife of a salaryman? Fifth, can't apartment owners that do not show any income because of depreciation, or people who enjoy a high consumption level even though they may not have current income because they're spending their savings, afford to share some of the tax? The income tax has real problems which can be vastly improved with the consumption tax.

In any case, for the individual, earning an income is a sacrifice whereas consumption is enjoying the benefits of the economy. Since the economy is comprised of people's sacrifices, it is only natural that discouraging them from earning an income with taxes will have a negative impact on the economy, so we should rather tax enjoying the benefits of the economy.

Ending Once and for All Sarakin Fiscal Policy

The income tax system is distorted because of the historically high income tax rates in Japan. Prior to the war in 1935, the highest national income tax rate in Japan was 36 percent, which is not very different from present day British and U.S. rates. However, in 1940 under the National Mobilization Act and as part of wartime income tax reform, income of 5,000 yen and above was covered by a general tax [sogo kazei] and the highest income tax rate was increased to 65 percent. This was increased once again in 1942 to 72 percent.

After the war, Shoup determined that 74 percent was an unrealistically high rate of taxation and introduced the Shoup system which decreased the rate to 55 percent. However, in 1953 the wealth tax was abolished with further tax system reform and the highest income tax rate was increased again to 65 percent. For a fairly long time after the war, the highest rate of taxation, when local taxes were included, continued to be 92 percent.

In 1989 the consumption tax was introduced and with it the highest rate of taxation, including local taxes, came down to 65 percent. (In fact, the highest rate of taxation of income and inhabitant tax combined was decreased to 76 percent in September, 1987, before the introduction of the consumption tax.) But all the same, 65 percent is still unreasonably high and Japan's tax system even now retains its wartime framework.

When the 1989 consumption tax was introduced an argument countering the claim about correcting the ratio of direct versus indirect taxes was made. This argument said that the tax was giving preference to the rich by increasing taxes on lower income people and lowering taxes on higher income people. The argument calculated the change in tax on family finances to show that the consumption tax was meant to be a policy giving preference to the rich. But what is the point in doing this sort of calculation? The rich pay most of the income tax anyway and all consumption is taxed so it is only natural that the rich be given preference when correcting the ratio of direct versus indirect taxes. Just doing that sort of calculation in and of itself is pointless and the argument evades the issue of the fall in the ratio of direct versus indirect taxes. The problems are that income taxes are extraordinarily high and that they engender inequality for reasons of tax administration.

As a result of the FY94 tax system agreement, they decided to implement an income and inhabitant's tax cut in part with a systematic tax cut and in part with a tax rebate. Beginning in FY97 they are planning to increase the consumption tax rate to 5 percent, but they haven't addressed the highest tax rate.

If they try to make the maximum tax rate including income and inhabitant taxes 50 percent, a corresponding amount in tax cuts will have to be made. To supplement this they will have to increase the consumption tax rate. If they do not increase the consumption tax rate as they continuously cut income taxes in the future, the ratio of direct versus indirect taxes will decrease.

And if you think about the current circumstances of issuing 21 trillion yen in JGB's to manage fiscal policy, in the end the interest and principal on this will have to be paid with taxes. The balance of JGB's by the end of FY96 will come to 241 trillion yen. In recent years interest rates have been low and the increase in national debt has been contained. In FY74 before "extraordinary bonds" were issued, we had an interest liability of 500 billion yen; by the time of the FY96 budget, this figure had become 11.7 trillion yen. Moreover, while the balance of JGB's in FY92 was 78 trillion yen, interest payments on the bonds were 12.1 trillion yen. This lighter interest debt burden is based on declining interest rates, but low interest rates will not continue indefinitely.

If 20 trillion yen in JGB's are issued over the next 10 years, their balance will exceed 440 trillion yen by the end of FY2006. Even assuming interest payments on this will be at an average of today's low interest rates, the interest payment will come to an enormous 20 trillion yen, 30 trillion yen if you calculate it at the average long-term interest rate of 7 percent. The national debt comes to 40 trillion yen if the expenses associated with redeeming the bonds are added in. This will certainly turn into Sarakin Fiscal Policy, whereby borrowing gives rise to further borrowing. (It already has.) We have to put a stop to it sometime.

The budget was most recently balanced in FY90 by holding down government expenditures by applying the negative ceiling system to them, which means to hold down annual expenditures when expecting tax revenues to naturally increase. Government expenditures have changed greatly because of budget balancing begun in 1979 when the Ohira cabinet gave up on the general consumption tax. The negative ceiling requires a 10 percent cut in annual expenditures from the previous fiscal year as exceptions to expenditures on personnel, international commitments, and public investment. However, the exceptional expenditures subject to annual reductions are going up every year while those in terms of the budget are decreasing.

When this happens the negative ceiling becomes less efficacious. Currently, government expenditures subject to cuts under the negative ceiling have fallen to less than 20 percent and eliminating them further will be extremely difficult. If you must eliminate government expenditures through administrative reform in order to achieve a balanced budget and this too becomes difficult, you will have to increase the consumption tax. If you increase consumption and local consumption taxes by the same rate and 24 percent of the consumption tax is transferred via the local government tax, the consumption tax will have to go up to over 17 or 18 percent. Consequently, the consumption tax rate will exceed the 20 percent level. This shows how big the current fiscal deficit is and that it has to be reduced somehow. Because the local consumption tax and transfer to local government tax are necessary, the relationship between the size of revenues necessary for the general account and the increased consumption tax will be: revenue equals (20 trillion yen times the change in the consumption tax rate times 0.76) minus (20 trillion yen times the change in the local consumption tax rate) [as published]. If the local consumption tax rate is one-fifth of the consumption tax rate and 1 trillion yen in revenue is required, slightly less than a 1 percent increase will be necessary.

The national debt is not decided by the tax system, it is determined by the level of government expenditure. For example, if you raise funds by issuing JGB's it equates with future taxes. The tax system decides who pays what and how, and makes the structure for assuming this liability a reality. If the problem is that the tax burden is too high, we should say that annual expenditures must be cut through administrative reform.

Even a 10 Percent Consumption Tax Will Not Be Enough

A fairly high consumption tax rate is necessary to run fiscal policy today, but further taxation will be necessary as the 21st century unfolds because of the aging of society. The ratio of the productive population, between 20 and 65 years of age, to a population of senior citizens, 65 years of age and above, is currently five to one, but it will be seven to three in 2000, seven to two in 2010, and will fall sharply in 2020 to two to one, with aging coming to a peak again in 2045. We cannot get around the aging of society and the various fiscal expenditures that will necessarily increase with it. Pension payments will inevitably increase because the number of recipients will increase. As the number of old people increases, medical and disability expenses increase.

In the 23 year period between FY73 and FY95, social security-related expenditures have increased nearly sevenfold from 2.1 trillion yen to 13.9 trillion yen. As a percent of national income this has approximately doubled from 1.9 percent to 3.7 percent. The rate of increase of national debt as a percent of national income during this period was 1.8 percent and the rate of increase in local transfer tax was 0.5 percent; this is the reason for the 4.6 percent increase in the percent of government expenditures of national income. In other words, the other government expenditures as a percent of national income did not change much during this period. Of course, systematic improvement since welfare began in 1973 had a big impact during this period.

Although we don't know how the social security system will be run in the future, we know that it will come to the difficult point of two workers having to look after one old person. The fact that the ratio of seniors to working people will go from five to one, to two to one means that the social cost of dependent seniors will increase more than 2.5 times. In order to manage the national pension fund, premiums will have to be 26.1 percent (31.5 percent for payments to those age 65) in 2020 assuming pay-outs begin at age 65. Of course, this is money which is not included in the general account. Currently, a third of basic pensions become a general account liability and this third will certainly go up just by virtue of the number of seniors. Basic pensions are the responsibility of the Government of Japan and a source of revenue will be necessary for them.

As society ages, medical expenses grow. "Medical inflation" is the term describing how technological innovation drives medical expenses up. Increasing medical expenses is unavoidable. This therefore necessitates holding down medical expenses by increasing our own individual liability for them. Nor can we avoid higher social service expenses such as nursing expenses for bedridden seniors and seniors living alone. We do not know how to calculate how much it will cost. Some argue that this is not a problem because of a corresponding decline in the number of children, but there is a big difference between children and old people when it comes to fiscal policy.

As of 1992, the percentage of national liability among advanced industrialized nations was 36.3 percent in the United States, 48.2 percent in the United Kingdom; in 1990, 50.8 percent in Germany and 62.6 percent in France, and even in Sweden it was 69.4 percent. Whereas the national liability particularly in Europe was extremely high, in Japan, the rate was only 23.0 percent in FY65 and will be 37.2 percent as projected for FY96. How high will this go? In reports by the Second Ad Hoc Administrative Research Council and the Fiscal System Council, Japan's rate is considerably lower than the European level. Specifically, it is predicted that it will be a low 40 percent at the beginning of the 21st century. Currently, we are aiming for a target of 40 percent. Even if you make fiscal policy more effective, you cannot avoid an increased rate of national liability. The rate may well exceed 50 percent after the year 2000, and it may not be easy to make the ideas of the Provisional Committee and Fiscal System Council come true.

The national debt must exceed 10 percent to cover government expenditures regardless of what type of administrative reform is carried out. If we cover half of this by increasing social security payments and the remainder by an increase in the consumption tax, it will still be necessary in FY97 to further increase the consumption tax to 10 percent. If we cover this not with the consumption tax, but with income tax, not only will income taxes not decrease, but they will ultimately go up. In addition, we have to carry out substantial administrative reforms to reach this level.

It is possible to cut the national debt if we change the fiscal policy system. But at the same time, we cannot abolish the pension system, nor would we want to. Conversely, those who value equality and welfare assert that we cannot emphasize the national debt, but it is unrealistic for the national debt to exceed 50 percent.

As indicated above, just getting the highest tax rate right and normalizing fiscal policy management requires that we increase the consumption tax rate by 20 percent. And taking into account the fact that government expenditures will increase due to the aging of society, the consumption tax rate must be increased by another 10 percent. At the same time, estimating that tax rate is impossible and there is no question that administrative reform is urgent business. Specifically, comprehensive reform of local transfer taxes and assistance monies is necessary.

But whatever we do, we cannot avoid rising national debt rates, which means that an increase in the consumption tax is essential. As I indicated earlier, a tax system has both strengths and weaknesses and the very same system can be both advantageous and disadvantageous. There is no such thing as a flawless or perfect tax system. It is critical that we capitalize on the advantages of the consumption tax as a fiscal policy management tool for the future of our aging society. I think it is desirable to shift the weight to the consumption tax. In the first place, we would have to hold a discussion from the perspective of how best to capitalize on the strengths of various taxes when we reform them and we must seek a desirable tax system.

Japan: Article Urges Dismantling of Finance Ministry

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[Article by Nobuhito Kishi, economic journalist: "Political Circles Agree: Dismantle the Ministry of Finance! Concepts of 'Finance Agency' and 'Shifting Authority Over Budget' Reemerge Amid Multiple Scandals"]

[FBIS Translated Text]

Anger at Ministry of Finance [MOF] for Not Accepting Responsibility

Three young Diet members from the opposition New Frontier Party [Shinshinto] hurried to the United States at the beginning of December last year to follow up on the Daiwa Bank, New York Branch scandal involving illegal trading of U.S. treasury bonds. Their schedule was very hectic, just a day and a half for nearly 20 interviews with insiders in both New York and Washington. Contrary to their stated purpose to "clarify the situation," the truth was that the Diet members went looking for a time bomb that would shake the very backbone of the MOF, and more importantly the coalition government.

The three Diet members who went to the United States were Yoneo Hirata, Hiroshi Yamamoto, and Takayoshi Taniguchi, who are affiliated with the New Frontier Party's Subcommittee on Financial Issues [Kinyu Mondai Nado Shoiinkai]. They questioned key people from the United States, including Representative James Leach; William McDonough, governor of the Federal Reserve Bank of New York; and Edwin Truman, director, International Finance Division, Federal Reserve Board. Their questions obviously concentrated on the fact that the MOF neglected to tell U.S. supervisory authorities until approximately 40 days after Daiwa Bank reported the incident on 8 August.

The questioning was done under the condition that their names would remain confidential, but one key U.S. spokesman's statements left an impression. "In the past, the Ministry of Finance has always notified us in a timely manner. It endeavored to provide us with sufficient information about unrest at the regional banks, for example. But we are a little surprised that for Daiwa Bank only, there was no swift notification from the MOF."

Possibly out of respect for relations with Japan, this spokesperson consistently softened his wording into roundabout expressions, such as "a little surprised," but it was clear he was making the unstated observation that, "responsibility for delay in reporting the Daiwa Bank incident lies with the MOF as the supervisory authority." While recognizing the failure of U.S. regulatory authorities to detect the illegal trading, the feeling of irritation on the U.S. side at the delay in notification came through loud and clear.

Mr. Hirata felt very strongly from the inquiry that supervisory responsibility lay with the MOF. He said, "What I can't accept is the fact that the Director General of the Banking Bureau, Yoshimasa Nishimura, didn't openly acknowledge his mistake. What people are asking of supervisory administration is to expose whatever might be wrong with it and correct these things one by one. Isn't it putting the cart before the horse to be criticizing the nontransparency of administration, while leaving responsibility for that administration nontransparent?"

His criticism was then directed at Finance Minister Masayoshi TakemuraL: "Notification to the minister occurred four days before notification to the United States. A minister who doesn't hold a director general responsible for not informing him for 36 days while he goes leisurely off to Tahiti is a problem. The minister deserves heavy blame too."

After Hiroshi Yamamoto, who accompanied Hirata to the United States, pointed out that Nishimura had supervisory responsibility, he went vehemently on to broach the issue of dismantling the MOF. "Director General Nishimura has said at a news conference that he wanted people to consider the fact that he was confused by the nonperforming assets problem (Hyogo Bank, Cosmo Credit Union, Kizu Credit Union, etc.) when the Daiwa incident occurred. What he means when he says this is that even as outstanding as he (Nishimura) is, responsibility for Japan's Banking Bureau has become too unwieldy and that he cannot deal with it when different troubles arise simultaneously. And if that's the case, then the finance division has to be broken up."

Growing Argument in Favor of Reorganization

It's only natural that the opposition would seize upon the fumbling of the government and ruling party to try to unseat it, but the MOF's poor handling of the Daiwa Bank incident has invited criticism even from within the ruling party. Kiyoshi Mizuno, chairman of the Liberal Democratic Party's [LDP's] Administrative Reform Headquarters, referred to the MOF restructuring issue just as critically as the opposition party: "The MOF's previous financial policies have been a big failure. It created an excess of money without creating the people to invest it. All of its methods of delineating boundaries with administrative guidance turned out to be the opposite [of what was intended]. At this point, we should establish a Finance Agency and aim for comprehensive financial administration."

The MOF is being showered especially now with a storm of criticism like this. The securities scandals include loss compensation, the commotion about the National Welfare Tax, the various scandals surrounding the former Tokyo Kyowa and Anzen credit unions, and the mishandling of the Daiwa Bank incident. Incidents with the MOF at the epicenter are erupting one after another and all criticisms about the bureaucracy are directed at the MOF. One high ranking MOF official, who is usually a big mouth, sounded oddly realistic given the weakness of his words: "Not only is this our biggest postwar crisis, it may be the biggest crisis since the MOF was established by the Meiji Government." That's evidence of how terror-stricken the MOF is by the power of public opinion.

Spearheading the debate to dismantle the MOF is Fumihiko Igarashi, the New Party Sakigake's [Harbinger's] representative to the Policy Affairs Research Committee [Seisaku Chosakai], who talks about the situation at the MOF in this way: "The weakened Japanese bureaucracy system has come to a crossroads. There has never been a time when Japan was as hurt as it is now by the rigid elitism, usual arguments about infallibility, and system of unrepentant lack of responsibility.

These contradictions worsened the slower the responses to international changes were, and then exploded. The worst strains of this weakening system are apparent in the MOF."

In particular, the disadvantages of the convoy system of banking administration were highlighted by the handling of the Daiwa Bank incident. The public's call for radical reform of banking administration is a natural result of this incident. There has even been talk about organizational restructuring. For example, President of Nomura Research Institute Yoshio Suzuki proposed in the weekly TOYO KEIZAI that a "banking and securities trading surveillance institution" [Kinyu Shoken Torihiki Kanshi Kiko] be established. This idea has created a stir in every sector.

Twenty Excuses for Every Criticism

The surveillance institution that Suzuki proposes would be comprised of two bureaus, one responsible for the banking industry based on a licensing system and another responsible for the securities industry using a new notification system. The bureau responsible for banking would be called the "banking inspection and oversight bureau" [Kinyu Kensa Kanshikyoku]. It would include the MOF's Banking and International Finance bureaus as well as the Ministry of International Trade and Industry's nonbank division and the Ministry of Agriculture, Forestry and Fisheries' [MAFF's] division in charge of MAFF-affiliated financial institutions. Similarly, the bureau in charge of securities would be called the "Securities Trading Oversight Bureau," [Shoken Torihiki Kanshikyoku] and would include the MOF's Securities Bureau and its Securities and Exchange Surveillance Commission.

When this concept was publicized, a high ranking MOF Banking Bureau official dismissed it lightly saying, "Mr. Suzuki had no experience with administration even at the Bank of Japan [BOJ]. He just wants to get attention." Whenever one of their own is threatened, the MOF bureaucrats instinctively band together and prepare a few dozen excuses for each criticism to ward off any intrusion by a hostile outsider. So he refuted Suzuki's proposal as if he really meant it.

In other words, banking and securities are currently lumped together under the title "trading oversight," but administration of securities which detects unfair market trading and administration of banking which oversees banks' dealings with customers are as different as night and day. The supervision of securities, which seeks to protect the average investor, is only superficially similar to banking oversight, which seeks to punish fraud and embezzlement. Putting them together is no better than combining a bakery and a noodle shop.

In addition to being known for their poor excuses, MOF bureaucrats are also synonymous with polite insolence and arrogance. Several years ago as a result of the securities scandals, the oversight divisions of the Banking, Securities, and International Finance bureaus were consolidated into a single Financial Inspection Department set up within the Minister's Secretariat and the Securities and Exchange Surveillance Commission was newly established as an external body. At the time, the MOF was criticized for "coming out ahead." Some coolly said that "the Suzuki proposal would promote a Trading Surveillance Institution and by virtue of that the MOF would again come out ahead."

The Finance Agency is both an old and new concept. As the name suggests, it would be a finance division with the Banking, Securities, and International Finance Bureaus independent of the MOF and would be separated as an external body like the National Tax Administration Agency. They say the concept was born out of a petition submitted 20 years ago to the MOF by young bureaucrats like Eisuke Sakakibara, director general of the International Finance Bureau, who at the time had been dispatched to the International Monetary Fund in Washington.

Experiencing the internationalization of finance first hand, the young bureaucrats were compelled to submit the petition out of a sense of foreboding that banking administration as it was then would eventually falter. They laid the groundwork with Hiromi Tokuda, then councilor in the Minister's Secretariat and now consultant to Nomura Research Institute, but were forced to abandon the idea due to deep-rooted opposition within the ministry.

Real Sentiments of Finance Careerists

Thereafter, the concept of a Finance Agency has reappeared time and again. When it resurfaced this time, there was a subtle mix within the MOF for and against it. Broadly speaking, the positions can be categorized into those with a finance background, who are in favor of it, and those with a fiscal background, who are against it. The real sentiments of MOF careerists, who have pursued a path focused on finance, can be summarized as follows:

"The problems that the fourth floor has, meaning the Banking, Securities, and International Finance Bureaus, don't happen between the fourth floor bureaus, rather, they usually occur because of a conflict with the second floor, meaning the Tax Bureau, or the third floor, the Financial Bureau. For example, as can be plainly seen from the experiences of abolishing the Securities Transaction Tax, issuing Japanese Government bonds, or selling government-held shares, the fourth floor has a history of usually being the one complaining. We think that one way to solve this is to establish a Finance Agency if it can be completely independent from fiscal affairs."

But the finance faction says that even if the Finance Agency were exclusively market, oversight, and inspection bureaus, still, it would be very important to stop altogether the industry-led administration typified by the convoy system. What they mean here by oversight is a bureau responsible only for legislative procedures such as issuing licenses and amending laws. They seem to be willing to do away with unarticulated, but mutually understood administrative guidance.

Opposed to this is the fiscal faction, who have pursued the path of budgeting and taxation and who pay no heed to the Finance Agency idea.

"What sort of solution is it to create a Finance Agency Banking Department, Finance Agency Securities Department, and Finance Agency International Finance Department? You cannot expect financial administration to improve just by doing that. If fiscal and financial affairs are not dealt with together, dynamic handling of the economy will just be a pretty picture. We don't think the Finance Agency idea even merits consideration."

But one has to remember that there is a fairly strong bias at work in what the fiscal faction says because they're terribly afraid that "if a part of the MOF is split off, ultimately this will lead to an argument in favor of dismantling it, which includes moving authority over compiling the budget to the cabinet."

Also, we must pay attention to the fact that the administrative vice minister, the director of the secretariat, and the secretarial division director within the Minister's Secretariat will be leading the institutional reform. It goes without saying that the core of the Minister's Secretariat is dominated by the most elite fiscal faction. Is it too much to say that any conclusion going beyond the usual logic of fiscal affairs would be as difficult to achieve as finding a needle in a hay stack?

In any case, the MOF doesn't show the least intention in looking into either the Finance Agency or the Banking and Securities Trading Surveillance Institution because what people want out of the Daiwa Bank incident, according to MOF's basic thinking, is only a matter of administrative procedure. According to one high ranking official in the Minister's Secretariat, "it's not an institutional issue, it's an issue of functionality. There is no point in changing an institution without changing its system of administration."

Concept of an Osaka Finance Agency

In the context of rapidly advancing financial liberalization and internationalization, one can easily imagine that the MOF's administration of banking, as long as left as is, would sooner or later have given rise to something like the Daiwa Bank incident. While the private sector must expedite thoroughgoing principles of individual responsibility, given that elitism is still deeply-rooted in Japan, it's the MOF that must drastically change its leadership of banking administration. Disclosure for the sake of securing administrative transparency is all well and good, but whether the MOF can get by with abstract arguments about changed attitudes alone is doubtful. It is highly questionable that the public will accept the clever view so typical of MOF bureaucrats that "in the long run institutional issues may arise when liberalization arrives, but right now it's not an institutional problem, it's a functional problem."

On the contrary, political circles are moving "for institutional reform first." LDP Secretary General Koichi Kato is one who is confidentially hatching the same bold idea of a Finance Agency, but as the Osaka Finance Agency. He says, "It's a good time to think about combining the three, the Banking, Securities, and International Finance Bureaus, into an organization, the Finance Agency, and moving it along with the BOJ to Osaka. Naniwa [Osaka] is where the money changing business began after all; the Mint Bureau is there; Osaka is headquarters for Sumitomo and Sanwa banks." The idea is pretty sudden and it leaves you stunned for a minute, but Kato emphasizes that the idea originated with the MOF, "I didn't think this up all by myself. I'm just recalling what a MOF former vice minister once let drop." In addition, it appears that this concept has the advantage of killing two birds with one stone. "The debate about moving the Diet is currently hot and if it were to actually come to fruition, the location would probably be north of Tokyo. Kansai would in all likelihood resist this, so it's not impossible that as a compromise the 'Osaka Finance Agency' idea is suddenly born." Kato doesn't sound like he's kidding.

Another long-standing theme ranking up there with the Finance Agency is moving the authority over compiling the budget to the cabinet. Precisely because the right to compile the budget is the very symbol of the MOF's raison d'tre, MOF bureaucrats turn white as a sheet when the conversation turns to this subject. One veteran high ranking official with extensive experience in the Budget Bureau says, half proud, half frustrated, "the Budget Bureau itself is not going to change just by relocating it to the cabinet. Making fiscal policy would be prey to politics and would be a mess as it was recently in the United States."

Both Politicians, Bureaucrats Feel Mistrust

In keeping with the statement, "if you're not in the Budget Bureau, you're no one," the Budget Bureau is the MOF's strongest contingent with 300 and some dozen of the most select people. "We are Mt. Fuji, and all the rest are puny mountains." The reason the MOF stands out among Japan's bureaucratic institutions is its Budget Bureau. Anyone can see that the information the

MOF gets from its budget network encompassing all of the ministries is the source of its powerful authority.

One of life's lessons is that the taller a tree is, the stronger the wind is that hits it. The politicians view with disdain the MOF's position, and the position of the Budget Bureau within the MOF, as the last sanctuary among the bureaucracies. Diet member Seiichi Ota has walked a straight path of MOF-dom, from parliamentary vice minister of finance, through chairmanship of the Standing Committee on Finance, to chairmanship of the LDP's Finance Division. Ota got worked up and made a point blank observation about authority over compiling the budget. "The right to execute authority over the budget is the strongest power the cabinet has. The Constitution explicitly says that the Diet decides the budget. Nevertheless, the MOF rejects this reading of the Constitution and asserts that the authority lies with it. That can't be true. The right to implement the budget lies ultimately with the prime minister and if the ruling party decides it wants to take it back, it can do so at anytime."

Implicit in Ota's manner of speaking is mistrust between the politicians and bureaucrats. The relationship between the politicians and bureaucrats should be one whereby the politicians, elected by the will of the people, use the bureaucrats effectively. Mistrust, however, is there either because the sentiment "revere the bureaucrats, despise the people" is still deeply rooted in Japan, or because the bureaucrats, who are supposed to be behind the scenes, are equal with the politicians as seen when you look at the legislative process and you see the politicians running to the bureaucrats. Secretary General Kato blithely says about this delicate relationship that it is the politicians' Achilles heel: "Politicians have one weakness, which is that they can forcefully push for budget expenditure increases, but when you start talking about revenues, it's hard to say that they are making those same efforts and you feel that they have always entrusted it to the MOF. This may not be a good example, but when a husband who doesn't earn much gets plenty of pocket money from his wife, he somehow feels guilty about going out and boldly [using it]."

Against this background, Kato himself expresses his misgivings about simply shifting authority for compiling the budget to the cabinet: "I cannot consent to taking the Budget Bureau and handing control of it over to the politicians in the cabinet. It's natural for politicians to want to use as much of the budget as they like, so doing that won't solve the problems. On the contrary, it would inevitably lead to a fiscal bankruptcy." He stresses the necessity of putting more emphasis on revenues: "From a fiscal policy perspective, I think it would be better to make a revenue agency independent of the MOF. It's preferable to combine all of the different types of revenue into one, including the National Tax, pensions, medical insurance, and unemployment insurance, and have one agency administer them all."

Is the Budget Bureau Really Elite?

The question of whether shifting budget authority is the right way to go about reforming the MOF or not aside, if you were to say what hurts the MOF the most, the phrase "budget above all else" would say it all. The outcome of having so much outstanding talent clustered like shining stars into the Budget Bureau and being treated like an elite person is that the attitude "if you are not in the Budget Bureau, you are no one" spreads. This malevolent force has begun to eat away at the insides of the MOF. One high ranking Budget Bureau official dared to warn against the "budget above all else" personnel and said: "We have misallocated personnel. If you make a few mistakes with the budget it won't be a disaster for Japan. As you see from the Japan premium however, meaning the additional interest paid on funds raised by Japanese banks overseas, misallocating personnel in the area of finance can sink Japan."

Simply put, how much more complicated are financial issues in the context of ongoing liberalization and internationalization, and how much more complicated is taxation which has a direct impact on the citizenry. It is strange that these MOF personnel haven't been given the elite curriculum. Most of the names that arose from the scandals involving the two credit unions came from the Budget Bureau, so you can say that the arrogance and high-mindedness from having too many elite together leads to scandals. In any case, institutional reform cannot be avoided. But what we also have to do is reassign the "budget above all else" people, distribute the exceptional personnel evenly among all of the bureaus, and immediately cultivate finance and tax experts.

Not long after the Daiwa Bank incident, mysterious personnel news spread as follows: "Banking Bureau Director General Nishimura has already submitted his resignation to Vice Minister Shinozawa." "At the opening of the extraordinary session of the Diet, Director General Nishimura will admit responsibility with his resignation and Muto, deputy vice minister of policy coordination, will be installed as his successor." Nicely added to this news was the commentary that Nishimura made a direct appeal and said, "I just want to be allowed to deal with the jusen (housing loan companies) and wrap that up on my own." When a high ranking MOF official heard this he said, "There's no way Mr. Nishimura can resign in the middle of drawing up a jusen bill that is scheduled to be debated during the regular session of the Diet. That's a completely unsubstantiated story and unimaginable. But I wonder what the source of the information is." While flatly dismissing the proposed personnel shift, he was really interested in the source and background of the information. This is because in contrast to the way the MOF was before, imaginary evils have arisen in the hearts of high ranking MOF officials that..."it must be the former officials."

Finance Minister Takemura's Determination

In addition to this, there are signs that further scandals involving former Budget Bureau Deputy Director General Yoshio Nakajima, who retired from the MOF under suspicion of moonlighting, will emerge. There have been rumors of the financial impropriety of using an account under an assumed name in addition to tax evasion, and talk has started about the possibility of opening a criminal investigation. If this rumor turns out to be true, one can expect pressure on the MOF to intensify further.

At the beginning of December when an opportunity arose for consultation between Finance Minister Takemura and a freshman Sakigake Diet member, Fumihiko Igarashi observed the atmosphere surrounding the MOF and made the following proposal to Takemura. "Mr. Takemura you are not directly responsible for the various scandals at the MOF, but the reason your image has suffered is because you took all the blame for not taking stronger action on administrative reform. I want you especially now to address MOF reform. Be ready to make clear who of those responsible will continue on and who will resign. I want you to wage an all-out war with the MOF."

Takemura only responded, "I take what you say seriously," but his determination was adequately communicated. Igarashi added suggestively, "The fact that you said you would not pay former Deputy Director General Nakajima's severance during your tenure shows your determination."

The weakened bureaucratic system may have come to a crossroads. The MOF is struggling with its worst crisis since Meiji. Politicians are working out a confidential plan to use this one in a million chance to dismantle the MOF. As waves of great change comparable to the Meiji Restoration close in, the political-bureaucratic struggle engulfing the hero of the bureaucrats, the MOF, has intensified a further step.

Japan: First F-2 Flight Test Aircraft Delivered

OW2704045196 Tokyo WING in Japanese 3 Apr 96 p 3

[Unattributed article]

[FBIS Translated Text] The first XF-2 flight test aircraft was formally delivered to the Defense Agency in a ceremony held 22 March 1996 at the Komaki Minami Plant of Mitsubishi Heavy Industries, Ltd. [MHI].

After the roll-out ceremony for the plane last year and subsequent ground tests, this pioneer XF-2 had a successful maiden flight on 7 October 1995. Altogether 13 in-company flight tests were carried out by MHI to verify its flight performance and other basic capabilities. Then it was ready for delivery to the Defense Agency. The next stage is for the government side, in the form of the Air Self-Defense Agency [ASDF] and the Technical Research and Development Institute [TRDI] to conduct three years of technical and performance testing on this plane and three other soon-to-be-delivered XF-2 test aircraft. These tests are all slated for completion in FY98.

The XF-2 was jointly developed by Japan and the United States, based on the design of the F-16 Fighting Falcon fighter aircraft produced by Lockheed-Martin Co. It incorporates Japan's own technologies, as follows: (1) co-cured composite materials structure for main wings (2) use of radar absorbing materials [RAM] (3) modifications for strengthened wind resistance. It also employs advanced onboard electronic equipment, including: (4) active phased- array radar (5) mission computers (6) inertial standardization devices (7) integrated electronic warfare system. Another key feature is: (8) use of advanced materials in fuselage and tail wings.

In addition, in order to increase maneuverability, the surface area of the main wings has been increased, engine propulsion has been boosted, and the results of various tests conducted with CCV research aircraft have been applied. As far as development of the XF-2 is concerned on the Japanese side, MHI was the prime contractor, with Kawasaki Heavy Industries Ltd. [KHI], Fuji Heavy Industries Ltd. [FHI], and other companies also participating in the development process. Production is also scheduled to be a joint process involving members of the aerospace industry in both Japan and the United States. Eleven of the aircraft are included under the FY1996 defense budget.

At the ceremony for delivery of the first XF-2, Defense Agency Parliamentary Vice Minister Yojiro Nakajima said: "Under the New Mid-Term Defense Program adopted at the end of last year, based on the New

National Defense Program Outline, equipment will become more compact. At the same time, it will become more hi-tech and efficient in line with our strategy for modernizing ASDF aircraft. As Japan is an island nation, providing support to prevent landings and amphibious operations is indispensable. In that sense, the F-2, which was developed based on the F-16 but incorporates Japanese technology, contributes greatly to the modernization of our air defense capabilities."

U.S. Ambassador Walter Mondale noted: "The F-2, at the leading edge of technology, is proof of the possibilities of Japan-U.S. cooperation in the civilian sector. This day on which this aircraft is being delivered is memorable not only because it will be a mainstay for Japan's defense strength for the next century, but also because it demonstrates how Japan and the United States can have mutual applicability in the field of defense technology."

MHI President Masuda on Utmost Efforts for Future Engineering Service Test Support

Below are noted in summary the remarks made by MHI President Nobuyuki Masuda and ASDF Vice Chief of Staff General Koji Muraki (promoted effective 25 March to ASDF Chief of Staff), at the ceremony delivering the first XF-2 to the Defense Agency.

Since October 1987, when the decision was made to engage in joint Japan-U.S. development of the F-2 support fighter aircraft as a successor to the F-1 support fighter aircraft now in service, more than eight years have passed, during which period various agencies of both governments as well as private companies have made tremendous efforts that made possible this ceremony today to turn over the first test aircraft.

We are proud to have this ceremony take place here today. It would never have come to pass without the leadership and assistance of Defense Agency and other government agencies, the U.S. Defense Department and other U.S. Government agencies, as well as the Japanese and American cooperating companies, including KHI, FHI, and Lockheed-Martin. I sincerely thank you for your great efforts.

Especially when it comes to this current development project, I would point out that this was the first instance of full-scale joint development of fighter aircraft. We encountered numerous problems that defy the imagination when it came to the details of the genesis of the program, creation of the initial framework for joint development, and then during the process of the implementation of that program. I wish to express thanks from the bottom of my heart to all those involved in the project from the Japanese and U.S. Government agencies, starting with the Defense Agency, for your collective wisdom, efforts, and guidance in helping us to solve these difficulties.

As you know, this support fighter aircraft is designed to be equipment to fulfill important duties for the ASDF. As the prime contractor for the project, we at MHI are extremely proud. At the same time, we feel a great sense of responsibility as the development process winds up. Now that the first of the test aircraft have been handed over, we will redouble our efforts to turn over the second, third, and fourth test aircraft in the series to the Defense Agency on schedule. We are determined to do our utmost to provide support for the technical and utility performance testing. I would sincerely ask that as these efforts on the project continue, officials at the Defense Agency and other involved agencies will continue to give us leadership, while our partners at the other contractors will continue to assist our efforts.

ASDF General Muraki: World's Best Fighter Resulting From Japan-U.S. Cooperation

It has been roughly seven years since the contracts were signed in March 1989. Thanks to the cooperation of MHI, Lockheed-Martin, and all the other contractors involved, today we are witnessing the delivery of the first XF-2.

At the time that development was launched, those of us involved in the project did not even have the term "joint development." But to see this new fighter, which has come into existence through the process of joint development, is the source of great joy. That is to say, Japan's security system stands on Japan-U.S. cooperation. Now that we have received this first XF-2 test fighter, for the next three years the ASDF and TRDI will be conducting service technical tests on it (and the three other test craft in the series). In the days to come I think this aircraft will inevitably suffer much wear and tear as a test aircraft. Since it is the first fighter aircraft to be produced through Japan-U.S. cooperation, we wish this aircraft to be the very best in the world. I am confident that the F-2 will be one of the mainstays of Japan's national defense during the 21st century.

I would like to take this opportunity not just to express words of thanks to all those concerned, but also to request that you continue to give us your cooperation and assistance in the future as well.

North Korea

DPRK: 'Explosion Incident' at U.S. Army Firing Range Denounced

SK3004082096 Pyongyang Korean Central Broadcasting Network in Korean 1224 GMT 29 apr 96

[Commentary by Yun Pyong-son: "Explosion of Grudge and Resentment"]

[FBIS Translated Text] As already reported, fierce demonstrations by farmers and university students calling for the withdrawal of U.S. troops were held in Seoul and Taejon on 27 April.

On that day, about 100 farmers rose up in anger, protesting the explosion incident which took place on 23 April within a U.S. army firing range in Tongduchon, Kyonggi Province, in which many residents were killed and residents' assets were burned to ashes. The farmers held a rally in front of a U.S. military base located north of Seoul and marched into the main gate of the base, claiming that the residents' death is another murderous atrocity by the U.S. forces stationed in South Korea while shouting the slogans, "Go home U.S. troops" and "The United States should compensate for the loss."

Some farmers occupied the road in front of the military base and painted "Yankee, go home" in English there.

On the same day, some 600 university students in Taejon held a rally to condemn the crime committed by the U.S. forces and fought against the fascist riot police, strongly calling for the withdrawal of the U.S. forces stationed in South Korea who have been deteriorating the situation through their war exercises.

The fierce anti-U.S. demonstrations by South Korean farmers and university students are an explosion of the deep-rooted grudge and resentment against the U.S. imperialist aggressors who have forced all sorts of misfortune, sufferings, and disasters on the South Korean people by occupying South Korea as their colony and military base.

The U.S. imperialists babble that the occupation of South Korea by the U.S. forces is to protect the South Korean people from someone's threat. However, this is a shameless sophistry designed to cover up their criminal aim of occupying South Korea and to cheat people.

After the national liberation of 15 August [in 1945], the United States brutally slaughtered numerous residents of Cheju Island, saying "What the United States needs is the land of the island, not the residents of the island, and Cheju Island should be secured even though all residents of the island are killed." The crimes that the U.S. imperialists have committed in South Korea for half a century since then are indeed countless.

The criminal acts committed by the U.S. imperialist aggressors are countless. Included are their crimes of shooting South Korean people to death, running over them to death with military vehicles, beating them to death, burning them to death, plundering the residents' property, and raping women.

The misfortune and disasters that the U.S. imperialists have imposed on the South Korean people by waging a war exercise for northward invasion are also countless.

The casualty the South Korean residents suffered recently at the U.S. army's firing range was also a disaster caused by the U.S. imperialists' occupation of South Korea and their reckless new war provocation maneuvers.

The anti-U.S. struggle that the South Korean farmers and university students staged this time is an explosion of their deep- rooted anti-U.S. sentiment. It is also part of their struggle to regain their divested national dignity and sovereignty. This is only too natural and just.

In spite of this, the Kim Yong-sam ring did not hesitate to brutally suppress the demonstrators by mobilizing the police forces.

Despite the fact that numerous fellow countrymen were mercilessly victimized by the outside forces which have sneaked into another country, the Kim Yong-sam ring protected the criminals with bayonets and repressed the victims, far from arresting and punishing the criminals. Indeed, the Kim Yong-sam ring is a group of national traitors and dirty colonial stooges for the U.S. imperialists.

The South Korean people will more vigorously wage their anti-U.S. and antigovernment struggle to escape today's misfortune and disaster.

The U.S. imperialists should renounce the anachronistic policy of occupying South Korea and should immediately withdraw from South Korea, taking all lethal weapons, as unanimously called for by the Korean people.

DPRK: U.S., ROK 'Denounced for Destroying Armistice Agreement'

SK3004085396 Pyongyang KCNA in English 0831 GMT 30 Apr 96

["U.S. and S. Korean Puppets Denounced for Destroying Armistice Agreement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — With no strategic artifice can the U.S. military quarters and the South Korean bellicose elements evade their legal responsibilities for bringing the situation to the brink of war by destroying and violating the Armistice Agreement, declares NODONG SINMUN today.

A signed article titled "Bellicose Elements Cannot Evade Their Legal Responsibilities for Destroying the Armistice Agreement" cites materials to expose the criminal moves of the United States and the South Korean puppets in destroying and violating the Korean Armistice Agreement in a systematic way.

The article says:

The Korean Armistice Agreement was signed in anticipation of putting an end to the state of war, preserving peace and solving the Korean question in a peaceful way.

As soon as it signed the agreement, however, the United States artificially destroyed its paragraph 60 envisaging convocation of a political conference of a higher level and thus blocked the way of ensuring the peaceful settlement of the Korean question.

In May 1956, it unilaterally notified the DPRK side that it would prohibit activities of the neutral nations inspection teams which, according to paragraphs 40 and 43 of the agreement, were inspecting shipment of operational materiel in Inchon, Taegu, Kangnung, Pusan and Kunsan where there were ports of entry. And in June that year, it forcibly evicted them. In 1957, it unilaterally cancelled subparagraph 13d of the Armistice Agreement prohibiting shipment of military equipment and operational materiels from outside Korea. As a result, main legislative paragraphs of the Armistice Agreement on preventing recurrence of war were removed and the agreement and the armistice apparatus were reduced to mere ones which could not exercise their influence.

Worse still, the U.S. side cancelled paragraphs of the Armistice Agreement at random. This means that paragraph 61 of the agreement stipulating that amendments and additions to this agreement must be mutually agreed to by the commanders of the opposing sides. [sentence as received] Consequently, legal foundations for the maintenance of the agreement were dismantled.

In March 1991, the U.S. side appointed a "general" of the South Korean puppet army, which is not a signatory to the Armistice Agreement and which has no real power to the maintenance of the agreement, as "chief member" to the Military Armistice Commission, thereby paralysing the function and role of the commission, a sole tool which supervises the implementation of the agreement.

With the two thirds of the Armistice Agreement torn up by the United States and the South Korean puppets over the past 40 odd years, the armistice system has been reduced to a mere one which cannot be restored or revived now and which cannot make any contribution to the preservation of peace on the Korean Peninsula, and, accordingly, there is no other way but to replace it with a new system.

The United States, a real signatory to the Armistice Agreement and a party directly responsible for the preservation of peace on the Korean Peninsula, must of course coolly judge developments at a present juncture of responsibility, take a correct view of matters and act with discretion, the article stresses.

DPRK: VNS: Letters Praising Kim Il-song Mailed to Pusan

SK3004095896 Pyongyang KCNA in English 0756 GMT 30 Apr 96

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — Letters carrying reverence for the great leader President Kim Il-song on his 84th birth anniversary were sent through mail to some families in Yongdo and Tongnae Districts, Pusan, according to Seoul-based radio Voice of National Salvation [VNS] quoting information of the Pusan municipal committee of the National Democratic Front of South Korea.

Letter envelopes enclosed postcards in the name of Taeyanghoe (Society of Sun). Printed in relief in the front of postcards was a photograph of President Kim Il-song beaming with a smile surrounded by 84 magnolia flowers and print letters "President Kim Il-song, the eternal sun of the nation".

Seen in the back were letters "President Kim Il-song is always with our nation" against the background of the grandiose Kumsusan Memorial Palace where he is preserved in state.

DPRK: Anniversary of Kim Il-song's Birth Commemorated Overseas

SK2604103396 Pyongyang KCNA in English 0800 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — The 84th birth anniversary of the great leader President Kim Il-song was commemorated in different countries.

"Photo Exhibition for Retrospecting President Kim Il-song, the Great Star of the 20th Century" was held in Tokyo from April 21 to 25.

On display there were photos showing the glorious and brilliant revolutionary activities of President Kim

Il-song and his immortal revolutionary exploits, his famous works, his reminiscences "With the Century" and picture albums.

Commemorative lectures were given at the Bangladesh People's League, the Bangladesh Self-Reliance Research Centre, the Laos-Korea Friendship Association and trade unions of Laos.

The lecturers praised President Kim Il-song as the founder of socialist Korea and as a clairvoyant statesman, a great revolutionary and a great master of ideology and theory.

DPRK photo exhibitions and film shows were organised by the National Council of the Communist Party of India, the Construction Workers' Party of Benin and the Burkinabe National Group of the Chuche Idea.

A ceremony for presenting DPRK books was held at the Nigerian Institute of International Affairs.

A meeting was held at the Harare Provincial Committee of the Zimbabwe Africa National Union-Patriotic Front.

DPRK: Chongnyon Chairman Meets With Widow of Late Yun I-sang

SK2604105896 Pyongyang KCNA in English 0805 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), met with Yi Su-cha, the wife of the late Yun I-sang, former chairman of the overseas headquarters of the National Alliance for the Country's Reunification, and his daughter in Tokyo on April 22, according to a KNS report from Tokyo.

Present there were chief Vice-Chairman Ho Chong-man, Vice- Chairman So Man-sul and Director of the Political Department Hwang Pyong-tae of the Chongnyon Central Standing Committee.

The conversation proceeded in an atmosphere overflowing with compatriotic feelings.

DPRK: Japanese Hospital Delegation, Visiting Group Arrive

SK2804075396 Pyongyang KCNA in English 0750 GMT 28 Apr 96

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA) — A delegation of the Nishiarai Hospital led by its director Kim Man-yu and a delegation of the Korean Medical Society in Japan headed by its chairman Pak Sang-hyon arrived in Pyongyang on April 27 to participate in celebrations of the 10th anniversary of the opening of the Kim Man-yu Hospital.

Also arriving in Pyongyang was a home-visiting group of Koreans in Japan headed by Kim Kyok-saeng for a visit to the socialist homeland.

DPRK: Visiting Japanese Delegations Visit Kim Il-song's Statue

SK2804080196 Pyongyang KCNA in English 0751 GMT 28 Apr 96

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA) — A delegation of the Nishiarai Hospital led by its director Kim Man-yu and a delegation of the Korean Medical Society in Japan visited the statue of the great leader President Kim Il-song on Mansu Hill on April 27 after arriving here to participate in celebrations of the 10th anniversary of the opening of the Kim Man-yu Hospital.

They laid floral baskets and bouquets before his statue and paid homage to him.

A home-visiting group of Koreans in Japan also laid flowers and made reverences before the statue.

DPRK: NGO's Meet in Geneva on Japan's WWII Sex Slaves

SK2904141596 Pyongyang KCNA in English 0827 GMT 29 Apr 96

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA) — A hearing of nongovernmental organizations [NGOs] for the solution to the issue of Japan's "wartime sex slavery system" was held in Geneva.

Present at the hearing were delegates of nongovernmental organizations to the 52nd meeting of the U.N. Commission on Human Rights, including the DPRK Measure Committee for Japan's Compensation to "Comfort Women for the Army" and Victims of the Pacific War.

Speaking at the hearing, the head of the Korean delegation criticised the Japanese Government for having distributed a document which totally denies the report on "wartime sex slavery system" submitted by a special rapporteur on violence against women to the meeting.

Japan's distribution of the document gave, contrary to its intention, birth only to an international federation for supporting the report involving many nongovernmental organizations, he said.

Victims in their seventies and eighties in Korea, who are undergoing mental and physical sufferings, are unanimously urging the Japanese Government to dissolve the unjustifiable "private fund" and make a governmental compensation based on the admission of its state and legal responsibility, he said, and continued:

The Japanese Government must not befool the victimized countries and their peoples with so-called "money of consolation or sympathy".

It must make state apology and compensation not only to survivals but also to all the sufferers, whose dignity, honor, youth and lives were trampled down, and the victimized nations. This is the demand of the victims.

We will continue our struggle until this demand is met.

At the hearing, delegates of nongovernmental organizations from different countries denounced the Japanese Government's unjustifiable stand and attitude towards the "comfort women for the army" issue and demanded that it meet the demand of the victimized nations and sufferers.

DPRK: Japan's Legal Responsibility to WWII Sex Slaves Stressed

SK2904141796 Pyongyang KCNA in English 0835 GMT 29 Apr 96

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA) — Delegates of nongovernmental organizations [NGOs] made speeches over the "comfort women for the army" issue when the item "violence against women" was dealt with at the 52nd meeting of the U.N. Commission on Human Rights.

A delegate of the International Fellowship for Reconciliation and a delegate of the International Movement Against All Discrimination and Racism hailed the report on "wartime sex slavery system" by a special rapporteur on violence against women and decisively rejected Japan's argument about "settlement" of the issue on the basis of "San Francisco peace treaty" and bilateral agreement.

They said that the DPRK is not a signatory to the "treaty" and neither a treaty nor an agreement has been concluded between the DPRK and Japan and that other sufferer countries, either, have had no treaty or agreement with Japan over the "comfort women for the army" issue.

Any member of the world community cannot evade its legal responsibility for "wartime sex slavery system" established by state or private business and must not connive at it, they held.

They said all the members of the United Nations should consider "wartime sex slavery system" of different forms as an anti-human crime, take a strict control over violence against women and demand compensation to victims.

DPRK: Chongnyon Holds Meeting To Express Thanks to Kim Chong-il

SK3004091696 Pyongyang KCNA in English 0747 GMT 30 Apr 96

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — Korean educators and scientists in Japan and Korean students studying at Japanese schools who are under the influence of the General Association of Korean Residents in Japan (Chongnyon) met in the Korean Hall in Tokyo on April 27 to express thanks to the great leader Marshal Kim Chong-il for the 134th remittance of educational aid fund and stipends amounting to 216 million Japanese yen, the Tokyo-based Korean news service reported.

The meeting was attended by Ho Chong-man, chief vice-chairman of the Central Standing Committee of Chongnyon.

In his report at the meeting, Kwon Sun-hui, vice-chairman of the Central Standing Committee of Chongnyon, stressed the need to establish a firm system for the embodiment of the respected General Kim Chong-il's idea and leadership, raise the qualitative level of school education and train the younger generation into successors to the patriotic cause.

He called for vigorously continuing an onward movement with a belief that "led by General Kim Chong-il, we will certainly win."

Speeches were made before a letter to Marshal Kim Chong-il was adopted at the meeting.

DPRK: Delegation Departs for China; Delegations Arrive From Japan

SK2904142596 Pyongyang KCNA in English 1037 GMT 29 Apr 96

[FBIS Transcribed Text] A delegation of the KULLOJA magazine headed by Yang Kyong-pok, its editor-in-chief, left here today for a visit to China.

A delegation of Japanese scholars led by Hiroharu Seki, who is a director of the board of the International Institute of the Chuche Idea, and a visiting group for Japan-Korea Friendship led by Chairman of the Board of Directors of Taisho University Shuzo Oda, who is also chairman of the Japan-Korea Cultural Interchange Association, arrived here today.

A home-visiting group of Koreans in Osaka Prefecture under the General Association of Korean Residents in Japan (Chongnyon) led by Kim Chong-mun, vice-chairman of the Osaka Headquarters of Chongnyon, arrived here on April 28 for a visit to the socialist homeland.

DPRK: PRC Friendship Visiting Group Returns Home 27 Apr

SK2804142796 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 Apr 96

[FBIS Translated Text] The first PRC friendship visiting group led by Lian Minge, vice chairman of the Standing Committee of the Guizhou Provincial People's Congress, returned home on 27 April by plane.

Chae Hwa-sop, vice director of the National Directorate of Tourism, and a counselor of the PRC Embassy in the DPRK, bid farewell to the visiting group.

DPRK: Kazakh Troupe Leader Pens Poem on Kim Il-song, Kim Chong-il

SK2704090196 Pyongyang KCNA in English 0839 GMT 27 Apr 96

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA) — V.V. Zhumagulov, head of the acrobatic group of Kazakhstan which participated in the 14th April Spring Friendship Art Festival, wrote a poem praising the greatness of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il.

The poem "Song of Eternal Sun" said that 80 odd years of Comrade Kim Il-song is the history of the sun illumining the road ahead of the times and all the people.

The author noted that the chuche idea founded by Comrade Kim Il-song is the rays of the sun that gives light to humankind, the life-giving water which makes people the most powerful beings and a motive force which puts the human history on an orbit of independence.

Comrade Kim Il-song, who illumined the road of a true life to hundreds of millions of people in his lifetime and who is shedding the light of the sun for mankind even after he passed away, is the eternal sun of chuche, the author added.

Pointing out that Comrade Kim Chong-il, who is the same with Comrade Kim Il-song in idea, leadership traits and virtues, is the great sun of chuche, the author stressed:

Thanks to the intense loyalty and filial piety of Comrade Kim Chong-il, Comrade Kim Il-song will enjoy immortality as ever, Kimilsongism will become an eternal life-giving water for humankind, Kim Il-song's Korea will shine and Kim Il-song-Kim Chong-il era will be everlasting.

DPRK: Kim Chong-il Receives Telegrams From State, Party Leaders

SK2804074696 Pyongyang KCNA in English 0742 GMT 28 Apr 96

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from Nursultan Abishevich Nazarbayev, president of Kazakhstan, and Norodom Ranariddh, first prime minister of Cambodia, on the occasion of the birth anniversary of the great leader President Kim Il-song.

The president of Kazakhstan said in a telegram that the relations between the two countries would successfully develop on the basis of mutual respect and trust and creative cooperation and in the interests of the two peoples.

First Prime Minister Norodom Ranariddh said that his excellency the respected Generalissimo Kim Il-song was the most intimate and true comrade-in-arms of his Majesty King Norodom Sihanouk, the father of the Cambodian nation, in the whole course of the bloody struggle for the happiness of the Cambodian people filled with unprecedented victories. The Cambodian people and leaders firmly stand on the side of his excellency the respected Marshal Kim Chong-il, he added.

Comrade Kim Chong-il also received telegrams from Gennadiy Zyuganov, chairman of the Central Committee of the Communist Party of the Russian Federation, Miroslav Grevenicek, chairman of the Central Committee of the Czechy-Morava Communist Party, Ilie Verdet, president of the Socialist Labour Party of Romania, and Rupert Roopnarine, chairman of the Executive Committee of the Working People's Alliance of Guyana on the same occasion [spelling of names as received].

DPRK Ambassador to Cambodia Pays Farewell Visit to 2d Premier

SK3004062596 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 30 Apr 96

[FBIS Translated Text] Ambassador Song Ho-kyong of our country paid a farewell visit to Hun Sen, the second prime minister of the Kingdom of Cambodia, on 25 April.

At the meeting, the ambassador conveyed the great leader [yongdoja] Comrade Kim Chong-il's greetings to Second Prime Minister Hun Sen.

Second Prime Minister Hun Sen expressed thanks to this and asked the ambassador to convey his warm greetings to the great leader Comrade Kim Chong-il.

He said that he expresses sincere thanks to the DPRK for continuously extending support and cooperation to the cause of the Government of the Kingdom for national reconciliation and unity and for reconstruction.

He said that the Government of the Kingdom will pay deep attention to developing relations with the DPRK and will make active efforts to strengthen and develop the relations.

DPRK Papers Commemorate Cuba's Bay of Pigs Victory

SK1904134396 Pyongyang KCNA in English 0806 GMT 19 Apr 96

[FBIS Transcribed Text] Pyongyang, April 19 (KCNA) — Newspapers here today dedicate editorial articles to the day of victory in the Playa Giron battle [Bay of Pigs], which was won by the Cuban people's heroic fighting spirit, unshakable will and united efforts.

NODONG SINMUN says the brilliant victory in the Playa Giron battle was a demonstration of the heroic stamina and indomitable fighting spirit of the Cuban people, who bravely fought to defend the sovereignty of the country and the nation. It also proved that the people, though in a small country, are sure to win when they fight in firm unity with confidence in the justness of their cause, the daily points out.

Significantly marking the 35th anniversary of the victory in the Playa Giron battle, the Cuban people are determined to firmly defend socialism without yielding to any pressure and challenge of the imperialists, it notes, and says:

The imperialists' design to stifle the Cuban revolution has remained unchanged.

They are resorting to military pressure, economic blockade, diplomatic isolation and all other means and ways to bring the Cuban people to their knees.

However, with nothing can they frighten or yield the Cuban people.

The Cuban people are now speeding up production and construction in full readiness to turn out any moment in defence of the country, revolution and socialism.

The imperialists, if they are seeking to bring the Cuban people to their feet, forgetful of the lesson in Playa Giron, will suffer a bitterer defeat and disgrace.

The Cuban people will certainly win, braving any difficulty and ordeal in the Playa Giron spirit.

MINJU CHOSON says:

The Korean people will as ever stand firm by the heroic Cuban people, and wholeheartedly wish them greater success in their endeavours to defend national sovereignty and build a new society.

DPRK: Kim Chong-il Receives Gift From Colombian President

SK2604045096 Pyongyang KCNA in English 0320 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — The great leader Comrade Kim Chong-il received a gift from Colombian President Ernesto Samper Pizano.

New Colombian Ambassador to Korea Alvaro Escalon Villa handed the gift to Vice-President Yi Chong-ok on April 25.

DPRK: Colombian Ambassador Presents Credentials to Yi Chong-ok

SK2604050796 Pyongyang KCNA in English 0338 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — Vice- President Yi Chong-ok of the Democratic People's Republic of Korea was presented with credentials by first Colombian Ambassador E.P. [extraordinary and plenipotentiary] to Korea Alvaro Escalon Villa at the Mansudae Assembly Hall on April 25.

After receiving the credentials, he conversed with the Colombian ambassador.

DPRK: Latin American Chuche Seminar Marks Kim Il-song's Birth

SK2604102196 Pyongyang KCNA in English 0757 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — General Secretary of the Popular Force Organised in Costa Rica Jose Franscisco Aguilar Bulgarelli [spelling of name as received], deputy director general of the International Institute of the Chuche Idea and chairman of the Latin American Institute of the Chuche Idea, made a report titled "To Shape Bright Future of Latin America" at an international seminar on the chuche idea for the independent development of Latin America held in Cuenca of Ecuador from April 12 to 14 on the occasion of the 84th birthday of the great leader President Kim Il-song.

The reporter said:

The respected President Kim Il-song founded the immortal chuche idea, the most independent idea of humankind, by penetrating into the increasing demands and aspirations of the popular masses for independence in time. And the great leader Kim Chong-il developed it into the great guiding idea of the era of independence by constantly deepening the idea in accordance with the requirements of the times and the developing realities. This was the greatest event of worldwide value in human history of the 20th century.

It is a main characteristic which brilliantly adorned the 20th century that the independent forces of the world have strengthened and developed into invincible ones under the banner of the chuche idea and the movement for global independence is powerfully advancing in an unprecedented spirit.

The imperialists clamoured about the "collapse" of socialism. Contrary to their clamourings, what has come to an end is not socialism but "socialism" distorted and degenerated by opportunists.

The banner of socialism is powerfully flying in some countries and the banner of independence is dynamically fluttering in a lot of anti-imperialist, independent countries.

After the end of the Cold War, voices demanding the destruction of the old international order based on strength and establishment of a fair international order based on the principle of justice are rising higher in many parts of the world. The road to independence is the main trend of the present century and the road for humankind in the new century.

To make Latin America independent, it is imperative to oppose aggression and war forces and achieve a lasting peace in this region. It is also important to firmly maintain independence of each country and expand and develop cooperation and exchange among countries in this region on this basis.

Cooperation must be made so that each country could maintain economic self-sustenance.

Besides, privileges of old forces must not be allowed in international arenas and an extensive struggle be waged to make international organisations democratic. It is also necessary to tighten solidarity with peoples of all countries in order to build a democratic international society in which demands and interests of the people of each country are respected.

For the independence of Latin America, a powerful campaign must be conducted to make people have an independent idea, a man-centred outlook on value.

It is a basic guarantee for shaping a bright future of Latin America to extensively study and disseminate the chuche idea.

What is most important in building up the driving force of the movement for making Latin America independent is to get the popular masses to have a deep understanding of the chuche idea, an independent idea. This work must be conducted in a creative way in conformity with the requirements of the peoples of each country and with their actual conditions.

It is particularly important to carry on extensive activities to make youths and students study the chuche idea.

Educational institutions and universities in particular must dynamically conduct activities for the study and dissemination of the chuche idea among students, the reporter stressed.

He stressed that for the successful study and dissemination of the chuche idea, it is imperative to strengthen relations with progressive political parties and public organisations and, particularly, develop cooperation with advanced ideological and cultural institutions.

DPRK: Declaration Adopted at Latin American Chuche Seminar

SK2604104396 Pyongyang KCNA in English 0817 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — A declaration and resolution were adopted at the International Seminar on the Chuche Idea for Independent Development of Latin America which was held in Cuenca, Ecuador, from April 12 to 14 on the occasion of the 84th birth anniversary of the great leader President Kim Il-song.

The declaration says that the seminar eloquently proved the truth and justice of the chuche idea as the most correct guiding idea of humankind and confirmed again that the idea is an immortal banner and precious treasure in carving out the destiny of humankind.

It notes that Kim Chong-il is a great thinker and theoretician and brilliant leader who gives complete answers in time to most urgent questions arising in accomplishing the cause of independence of humankind in the present time.

Humankind desiring independence pin their great expectations and hopes on the great leader Kim Chong-il and see in him the image of the immortal sun.

The resolution expresses full support to the proposal put forward by the DPRK to the United States for replacing the Armistice Agreement with a peace agreement.

The resolution stresses that the United Nations should exercise its influence on the United States to conclude a peace agreement without delay.

DPRK: Kim Chong-il Receives Gift From Mexican Workers' Party

SK2604110596 Pyongyang KCNA in English 0823 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the Mexican Workers' Party.

It was handed to an official concerned by the delegation of the party on a visit to Korea.

DPRK: Mexican Workers Party Delegation Concludes Visit to DPRK

SK2704092796 Pyongyang KCNA in English 0917 GMT 27 Apr 96

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA) — A delegation of the Mexican Workers' Party led by Alberto Anaya Gutierrez [spelling of name as received], member of the Coordination Commission of the National Political Commission of the party who is the leader of the party, left here for home today, concluding its five-day visit to Korea.

The delegation gave a reception on the conclusion of its visit to Korea on April 26.

While staying in Korea, the delegation toured Mangyongdae, Kim Il-song Higher Party School, the Party Founding Museum, the Tower of the Chuche Idea, the Mansudae Assembly Hall, Kwangbok Street, the Mangyongdae Schoolchildren's Palace, Panmunjom and the Migok Cooperative Farm in Sariwon city, North Hwanghae Province.

DPRK: Foreign State, Party Leaders Express Friendship With DPRK

SK2704091296 Pyongyang KCNA in English 0902 GMT 27 Apr 96

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA) — A head of state and leaders of political parties of different countries, when they met with DPRK ambassadors to their countries, referred to the friendly relations with Korea and Korea's reunification.

Albanian President Sali Berisha expressed the hope that the friendly and cooperative relations with Korea would further develop.

He hoped that the situation of the Korean peninsula would be eased at an early date and Korea's reunification would be achieved in the interest of the Korean people.

President of the National Assembly of Cambodia Chea Sim, chairman of the Central Committee of the People's Party of Cambodia, said that his majesty the king, the royal government and the National Assembly of Cambodia would continue to support and encourage the just cause of the Korean people for the accomplishment of the revolutionary cause of chuche and for the reunification of Korea led by his excellency Marshal Kim Chong-il, the great leader.

We are convinced that the friendly and cooperative relations between the governments, parliaments and peoples of Cambodia and Korea and between the People's Party of Cambodia and the Workers' Party of Korea would continue to develop on good terms, he stressed.

General Secretary of the Central Committee of the Communist Party of Syria Wisal Farha Bagdash [spelling of name as received] declared that Syria attaches great importance to the development of relations with Korea.

We will make our best to develop relations with the Workers' Party of Korea, he stressed.

Andres Regiardo Sayan, national general secretary of the "Cambio 90" Movement of Peru, Alberto Moreno, general secretary of the Central Committee of the Communist Party of Peru (Red Motherland), Angel Castro Lavarello, president of the National Executive Committee of the Left Revolutionary Union of Peru, and Eleazar Gutara Maravi [spelling of names as received], chairman of the Peruvian Nationalist Movement of Labour, denounced the new war provocation moves of the United States and the South Korean authorities and voiced support and solidarity with the Korean people's struggle for the reunification of their country.

DPRK Ambassador Presents Credentials to Albanian President

SK2804142896 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 26 Apr 96

[FBIS Translated Text] (Kim Won-ho), newly-appointed DPRK ambassador extraordinary and plenipotentiary, presented his credentials to Albanian President Sali Berisha on 18 April.

During the meeting, the ambassador conveyed the greetings of the great leader [widaehan yongdoja] Comrade Kim Chong-il to President Sali Berisha. The president expressed deep gratitude and asked the ambassador to convey his sincere greetings to the great leader [widaehan yongdoja] Comrade Kim Chong-il.

He pointed out that he hopes the friendly and cooperative relations between Albania and the DPRK will be further developed. He said he hopes the situation on the Korean peninsula will be eased as soon as possible, and that Korea's reunification will be achieved in accordance with the interest of the Korean people. He emphasized they are always supporting Korea's peaceful reunification.

DPRK: Yugoslav Ambassador Hosts Party 26 Apr

SK2704035696 Pyongyang KCNA in English 0328 GMT 27 Apr 96

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA) — Yugoslav Ambassador to Korea Ojukic Ljubomir hosted a party on April 26 on the occasion of the day of proclamation of the Constitution of the Federal Republic of Yugoslavia.

Present on invitation were Chairman Yang Hyong-sop of the Supreme People's Assembly, Chairman Yi Song-tae of the State External Economic Affairs Commission, Chairman Choe Hui-chong of the State Commission of Science and Technology, officials concerned and foreign diplomatic envoys here.

Speeches were exchanged at the party.

DPRK: Overseas Parties Support DPRK Cause for Peace Mechanism

SK2804075296 Pyongyang KCNA in English 0748 GMT 28 Apr 96

[FBIS Transcribed Text] Pyongyang, April 28 (KCNA) — Political parties of different countries released statements concerning the situation obtaining on the Korean peninsula.

The Central Committee of the Slovak Communist Party said in a statement:

We consider that measures taken by the Korean People's Army to defend the territorial integrity and sovereignty of the country are just. It is our view that the way of bringing the confrontational situation obtaining on the Korean peninsula under control is for the United States to accept the proposal of the Democratic People's Republic of Korea for signing a peace agreement.

The Czechy-Morava Communist Party in a statement said that the military measures taken recently by the DPRK are proper answers to provokers. We extend full solidarity to the just cause of the Korean people, it stressed.

The Workers' Party of Zaire noted in a statement:

We demand that hardline conservatives of the United States and the South Korean authorities pay due attention to the peace initiatives of the DPRK and stop at once political gambles to provoke another war.

The Central Committee of the Communist Party of Peru (Red Motherland) in a statement urged the U.S. forces to put a decisive end to their occupation of South Korea and threats of aggression.

It vehemently denounced the provocative outbursts and war moves of the U.S. imperialists and the South Korean puppets challenging the stand and proposals of the DPRK to achieve peace and stability on the Korean peninsula and reunify the country in a peaceful way.

Lurking behind the provocative war moves of the enemy are petty tricks to cover the irregularities and swindles in South Korea, mislead the public opinion at home and abroad and "stifle" the DPRK, the statement emphasized.

DPRK: Swiss Foreign Affairs Delegation Arrives in Pyongyang

SK2704113296 Pyongyang KCNA in English 1056 GMT 27 Apr 96

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA) — A delegation of the Federal Department of Foreign Affairs of Switzerland led by Heinrich Reimann [spelling of name as received], vice-director of the Political Direction of the Federal Department of Foreign Affairs, arrived in Pyongyang today.

The guests were met at the airport by Kim Chang-yong, vice-minister of foreign affairs.

DPRK: Yang Hyong-sop Meets With German Parliamentary Delegation

SK3004041996 Pyongyang KCNA in English 0328 GMT 30 Apr 96

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly (SPA), met and had a friendly talk with Erich Riedl [as received], member of the Federal Parliament of Germany, and his party at the Mansudae Assembly Hall on Monday.

Present on the occasion were Vice-minister of Foreign Affairs Kim Chang-yong and acting head of the German Interests Section in Korea Wilhelm Strohe [as received].

DPRK: Madagascar Party Leaders Honor Kim Il-song, Kim Chong-il

SK2904141696 Pyongyang KCNA in English 0831 GMT 29 Apr 96

[All names as received]

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA) — Madagascan party leaders expressed reverence for the great leaders President Kim Il-song and Comrade Kim Chong-il when they met with the Korean ambassador.

They were President of the Party of the Congress for the Independence of Madagascar Rakotovao Andriantiana, Acting Chairman of the National Council of the Action for the Renaissance of Madagascar Ropson Jean Victor, Secretary General of the Monima Socialist Organization Razafindrabe Andre, National Chairman of the Socialist Progressive Party Rakotomandimby Selestine, Chairman of the Labour Patriotic Movement Tela Nosi, National Chairman of the Militant Party for the Realization of Equality Jean Emmanuel, and the national chairman of the Party for Defence of Popular Rights.

They said the great feats performed by the respected leader Comrade Kim Il-song for the Korean revolution and human history will be immortal and his August name will be kept forever in the hearts not only of the Korean people but also of the world's progressives.

They added that today the revolutionary parties and peoples of all countries are studying the chuche idea founded by him as the guiding idea of the world revolution and finding in it the way for the victory of revolution.

His feats of leadership will shine through generations and his revolutionary cause successfully be accomplished by the brilliant wisdom and outstanding leadership of Comrade Kim Chong-il, they said.

They expressed full support for the 10-point programme of the great unity of the whole nation for the reunification of the country and the proposal of reunification by means of confederacy advanced by Comrade Kim Il-song.

And they stressed they would always extend firm solidarity with the Workers' Party and people of Korea in the efforts for national reunification.

DPRK: Kim Il-song's Birthday Commemorated in Foreign Countries

SK3004095596 Pyongyang KCNA in English 0753 GMT 30 Apr 96

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — The great leader President Kim Il-song's birthday was commemorated in different countries.

A seminar on the immortal revolutionary exploits of President Kim Il-song was held in Karachi, Pakistan.

Pir Mazar Haq [name as received], minister of justice and parliamentary affairs of the Sind Provincial Government of Pakistan, said in his speech.

The great Comrade Kim Il-song was the pioneer of the socialist cause centered on the popular masses and the builder of socialist Korea.

He founded the chuche idea for the first time in history and opened a new road of Korea to socialism under its banner.

His revolutionary idea constitutes the banner of socialism and communism and his socialist cause centred on the popular masses is a true cause of creating the future of humankind.

Commemoration meetings were held in New Delhi by the Indian Federation for World Cooperation and Cultural Relations, in Dacca, Bangladesh, by the Pakistan People's Party, in Belgrade, Yugoslavia and by the Romanian Party for New Society.

Lectures and film shows were given by the Central Committee of the Communist Party of Germany, the Communist Party of Sweden, the People's Unity Party of Kazakhstan, the Kinshasa Federation of the Zairean Popular Revolutionary Movement, the Harare, Zimbabwe, Study Centre of the Chuche Philosophy and the Kim Chong-il Taekwon-to Centre of Kyrgyzstan.

DPRK: Foreign Ministry Memorandum Distributed as UN Document

SK2704041296 Pyongyang KCNA in English 0330 GMT 27 Apr 96

[FBIS Transcribed Text] Pyongyang, April 27 (KCNA) — A memorandum of the Foreign Ministry of the DPRK was distributed as an official document A/51/98 of the U.N. General Assembly and as an official document S/1996/270 of the U.N. Security Council on April 18.

The memorandum was issued on April 10 in connection with the fact that the U.N. Secretariat edited the U.N. Yearbook (Special Edition) lacking impartiality and objectivity toward the Korean affairs on the occasion of the 50th anniversary of the U.N. foundation.

In the memorandum, the DPRK Foreign Ministry said it is a prejudice lacking impartiality and objectivity that the U.N. yearbook described the "election" staged in South Korea under the U.N. "supervision" in 1948 and the military step taken by the U.N. against the DPRK in 1950 as a U.N. "feat".

DPRK Paper Notes Kim Chong-il Work on Party Leadership

SK2904035596 Pyongyang KCNA in English 0333 GMT 29 Apr 96

["Highly Important Work Which Brought About New Turn in Establishing System of Party Leadership" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA) — It has been 17 years since the great leader Comrade Kim Chong-il published the famous work "On Thoroughly Establishing the System of Party Leadership".

Comrade Kim Chong-il has always paid deep attention to the work of establishing the system of party leadership, regarding it as the fundamental principle of party building as well as one of important matters for successfully carrying out the revolution and construction, from the first days of his guidance over the party activities.

In the work published on April 28, 1979, he, basing himself on a scientific analysis of the experience of the international communist movement and the practical requirement of the building of the Workers' Party of Korea, put forward the important task of thoroughly establishing the system of party leadership.

The work comprehends in an overall way the important theoretical and practical problems arising in party building and activities from the necessity and essence of the establishment of the system of party leadership to the tasks and ways for it.

Comrade Kim Chong-il said:

"The work of establishing the system of party leadership is of vital importance for ensuring the party's leadership over the revolution and construction; it is a responsible undertaking which all party organizations and officials must oversee constantly."

NODONG SINMUN on Sunday dedicated an article to the publication anniversary of the work, which said:

The practical experience of the Korean revolution shows that when the system of party leadership is fully established the party can carry out its mission as the general staff of the revolution and win victory, overcoming any trial.

The past 17 years were fruitful years that have proven the great validity and vitality of the respected Comrade Kim Chong-il's idea and theory on thoroughly establishing the system of party leadership.

In the past period the Korean revolution and construction were very difficult and complex. But we could brave all difficulties and firmly defend and honor our socialism because the party leadership has been fully ensured in Korea.

The imperialists and reactionaries made all attempts to block the progress of the Workers' Party and people of Korea and stifle Korean style socialism, but in vain.

DPRK Paper Marks Kim Il-song Work on Caring for Children

SK2904141496 Pyongyang KCNA in English 0813 GMT 29 Apr 96

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA) — NODONG SINMUN today carries an article Prof. and Dr. Choe Chong-ui contributed to the 20th anniversary of the enactment and promulgation of the law of the Democratic People's Republic of Korea on the nursing and upbringing of children by the Great Leader President Kim Il-song and the publication of his famous work "On Further Developing the Nursing and Upbringing of Children" (April 29, 1976.)

With his enactment and promulgating of the law on the nursing and upbringing of children and publication of his famous work "On Further Developing the Nursing and Upbringing of Children" the already established advanced system of nursing and upbringing children has been consolidated and Korea turned into a country where the eternal happiness of children is guaranteed, the article says, and continues:

The law is a charter of love for posterity, which is the brilliant embodiment of the Workers' Party of Korea's idea of benevolent politics, and the most advanced and revolutionary code of laws to protect children, which comprehensively systematizes the policy of nursing and upbringing children.

Comrade Kim Il-song in his work clarified in an all-round way the purpose and importance of the enactment of the law on the nursing and upbringing of children as well as tasks and ways of improving and strengthening the work of nursing and upbringing children.

The article quotes him as saying in the work:

"Even though we cannot satisfy some other needs, we must feed the children well. And although the adults may experience some shortages, the children must be provided with sufficient of everything they need."

The article further says:

Indeed, his enactment and promulgation of the law and the publication of his work "On Further Developing the Nursing and Upbringing of Children" was an important event that demonstrated the communist policies of the WPK and the advantages of the man-centred socialism of Korean style; it marked an epoch-making occasion in bringing up the children, the future of socialist Korea, better.

Therefore, a powerful law has come into being which is a sure guarantee for steady consolidation and development of the system of nursing and upbringing children to meet the new requirements of the developing revolution and which is a more broad avenue for well bringing up all the children of the country in revolutionary, scientific and cultural ways so that they may carry forward the revolutionary cause with credit.

DPRK: Kim Chung-nin Attends Closing Ceremony of Sports Contest

SK3004083496 Pyongyang KCNA in English
0744 GMT 30 Apr 96

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — The Mangyongdae Prize Sports Contest closed on Monday at the weightlifting gymnasium in Chongchun Street. It opened on the occasion of April 15, the birthday of the great leader President Kim Il-song.

In the contest all sportsmen fully demonstrated in sports events their technology that had been trained to the full under the love and care of the respected Comrade Kim Chong-il.

Yi Kyong-won and two other shooters set the new Asian records in the team's centre-fire pistol 60 shots and 10 odd sportsmen surpassed the standing national records in shooting, swimming and other events.

At the closing ceremony, cups and medals were awarded to teams and sportsmen, that have proven themselves successful in the contest.

Present there were Kim Chung-nin, secretary of the C.C. [Central Committee], the Workers' Party of Korea, officials concerned and sportsmen.

DPRK: Kim Chung-nin Addresses National Meeting Marking May Day

SK3004103196 Pyongyang KCNA in English
0957 GMT 30 Apr 96

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — A national meeting was held at the People's Palace of Culture today to mark the 106th May Day, an international holiday of the working classes around the world.

The meeting was attended by Yi Chong-ok, Politburo member of the Workers' Party of Korea Central Committee and vice-president of the DPRK; other senior party and government officials, workers and other working people.

In his report at the meeting, Kim Chung-nin, secretary of the WPK Central Committee, said:

May Day is a militant holiday which demonstrates the united strength of the working classes of the world.

The workers and other people in all countries have courageously fought for freedom, liberation and an independent new life against imperialism and other reactionary forces under the banner of solidarity.

The working classes have victoriously paved the way for socialism since they began their struggle long ago under the slogan of "The Workers of the World, Unite!" and made a breakthrough in the bulwark of capitalism on the strength of solidarity.

They started capitalism on the decline and opened a broad way for socialism, though capitalism had long dominated the world and oppressed and exploited the working masses. This was a great change in the revolutionary cause of the working class and a historic victory won by the revolutionary people around the world on the strength of solidarity.

No matter how desperately the imperialists and reactionaries may slander socialism, it remains an ideal of humankind in the hearts of hundreds of millions of people and no one can block the working class from advancing for the revival of socialism under the banner of solidarity.

The Great Leader Comrade Kim Il-song awakened and organised the working masses with the working class at the core in order to build a powerful driving force of the revolution and led the arduous and complex Korean revolution to victory on the united strength of the popular masses.

Comrade Kim Il-song turned Korea into a powerful socialist state, independent, self-sufficient and self-reliant in national defence, in a brief period on their united strength.

He devoted his whole life to the revolutionary cause of the working class and made immortal contributions to achieving international solidarity of the working classes and the cause of global independence under the banner of independence.

It is the greatest happiness and honor of the working class and other people of Korea to be led by the respected Comrade Kim Chong-il, who is identical to Comrade Kim Il-song in ideology, leadership and noble virtue.

The workers and other people of the world are faced with the common task of building an independent new world, which can be built only through unity and joint efforts of people.

"The people of the world who advocate independence, unite!" is a slogan put forward by the present time.

The workers of Korea will do all they can under the motto of independence, peace and friendship as ever for internationalist friendship and solidarity with the workers of all other countries and for successful performance of their noble mission for the time and history.

DPRK Article Reports Mistreatment of Revolutionary Elders

962C0047A Pyongyang NODONG SINMUN in Korean 8 Feb 96 p 6

[Article by Paek Mun-kyu: "The Cowardly Act of Socialism's Betrayers"]

[FBIS Translated Text] Today, unprecedentedly cruel realities are unfolding in countries where capitalism has revived.

Of them all, the persecution and disdain for revolutionary elders in particular is really something one cannot stand the sight of. War veterans who had fought for their fatherland, old revolutionaries, and meritorious people who had done distinguished services in the socialist construction era, are now languishing in miseries as victims of the social abandonment and persecution, subjected to all humiliations and contempt. Such sad realities unfolding in countries where capitalism has revived vividly demonstrate the ugly true colors of the betrayers of socialism.

The great leader [yongdoja] Comrade Kim Chong-il pointed out:

"Socialism's betrayers occupied leading positions in their party and government by conspiracy, then tried to gain popularity and win support of the people by defaming revolutionary elders."

It is a lofty moral obligation for communists to treat revolutionary elders with respect and to give them prominence positively. Revolutionary elders are those who had fought for the fatherland and people, and the happiness of posterity, not for their personal interests or glory. They unhesitatingly put their lives on the line for the cause, with remarkable achievements. Their achievements and the traditions they created proved to be valuable resources and assets of the struggle for the socialist cause. Adhering to these achievements and traditions is one of the basic guarantees for socialism's victory.

Since the socialist cause moves forward toward its consummation through the process of inheriting and developing the revolutionary cause charted by their predecessors, generation after generation, the question of how we treat revolutionary elders is an important one linked to the destiny of the revolution. Our attitude toward them is in itself our attitude toward the revolution. How we treat them is where the distinction between socialism and opportunism, the revolutionary position and the counterrevolutionary position, comes in.

The act of socialism's betrayers defiling revolutionary elders is a counterrevolutionary, terrorist act denying their achievements and preventing them from being passed on to new generations.

As realities in the former socialist countries show, socialism's betrayers are renegades of the revolution and enemies of socialism, who abandoned the revolutionary principle and surrendered to imperialists. After taking over the party and government leadership by conspiracy, they turned the brunt of their attack to denigrating the revolutionary elders' achievements and harming them covertly, while on the other hands they used sweet words to cajole the people into believing as if they had been ready to bring them something good. For typical example, they magnified and exaggerated partial flaws in socialist construction and party activities, as well as acts of influence wielding, irregularity and corruption among some functionaries, propagandizing them in a big way as if they had been some basic defects of the socialist society. Thus, they canceled out achievements of revolutionary elders one by one.

By claiming that the freedom of the people had been disregarded and social developments suppressed by revolutionary elders in the socialist era, the betrayers denigrated their achievements and tried to sell themselves to the people. At the same time, they madly attempted to infuse people with bourgeois ideology by raving about "freedom" and "openness," and to provoke antipathy to socialism among people by raking up socialist-era blemishes.

At the same time, they went to pains to guarantee free activity for those who had been punished for counterrevolutionary offenses in the socialist era, in the name of "rehabilitation," setting them up for a leading role in opposing the socialist system and denigrating and defaming revolutionary elders. As a result, people who had been the object of punishment in the socialist era came forward forming reactionary groups to covertly harm communist party members and revolutionaries, and even committing terrorist acts with no hesitation.

Especially, socialism's betrayers pursued counterrevolutionary policy of persecuting and disdaining revolutionary elders, systematically and deliberately.

To begin with, they provided no jobs for former communist party members and socialist-era cadres, a cowardly act of oppressing them.

In some countries where capitalism has revived, socialist-era party functionaries, including down to cell secretaries, are totally shut out of jobs in agencies and enterprises. At the same time, their activities are monitored and under restrictions.

On top of all this, they put former party and government leaders on trial, putting them in prison or under house arrest, and confiscated their property. Furthermore, they even restricted movements of their children.

The cowardly act of socialism's betrayers defaming and disdaining revolutionary elders has also been seen in the social mistreatment of war veterans. They cut back on the pension systematically, either discontinuing or curtailing socialist-era state-run welfare programs for them.

In countries where the betrayers' cowardly act revived capitalism, revolutionary elders were forced to live in misery as they were subjected to criticisms and disdain instead of being accorded a respectful, preferential treatment which they deserved in society.

Revolutionary elders who fought for the fatherland and people, including revolutionary veterans, meritorious people, and war veterans, account for large proportions of the unemployed who fill East European countries to overflowing today.

Meanwhile, their children are left out of school roaming streets, because of poverty.

Even worse, some of those veterans are on streets hawking their old military uniforms and medals for money to buy food. Showing their bitterness, they lament, "Was it for this kind of treatment that we fought the bloody battles?"

Socialism's betrayers are rogues who do not even have a basic scrap of human conscience. They defiled and ill-treated revolutionary elders and, still unsatisfied, committed the outrage of dismantling statues, monuments, and museums built to honor their accomplishments. In the former Soviet Union, they perpetrated the sordid act of pulling down the statues of Lenin, who had led the great October revolution to victory and built the first socialist state on the Soviet land.

Socialism's betrayers in the former Soviet Union also destroyed museums or remodeled them into clubs for liberals. They even committed the outrage of digging up tombs of heroic soldiers, and did away with the red flag, the symbol of the souls of revolutionaries and of the people's struggle and hopes. They described such acts as the highest expression of "freedom" and "democracy," and as the biggest gain of "perestroika." By doing so, they attempted to deny achievements of revolutionary elders and the traditions they created, and to fill the minds of people exclusively with bourgeois ideology.

All they did by raving about "reform" and "perestroika" was to make a mess of the revolution, foment distrust and friction among people, and to bring about disorder, chaos, political antagonism and disputes, and poverty of the people.

By ranting and raving as if they had done something for the people, the betrayers tried to win public support to realize their dirty political ambition. Although they cunningly tried to gain popularity by defiling and mistreating revolutionary elders, public complaints and anger against them continued to rise.

In countries where capitalism has revived, the people are longing for the socialist past, and a struggle to return to socialism is gaining momentum among them. Party organizations are being rebuilt amid the public's support, and a struggle to reinstate socialistic system is in progress.

While thoroughly exposing the reactionary nature and grave consequences of the betrayers' "reform" and "perestroika" farce, mass media are carrying on extensive propaganda that the socialist road is the only road to the coprosperity of the people.

Russian media reported that the elections for the Duma of the Federal Assembly held in December last year passed a stern judgement of the people on the betrayers.

Word circulating lately among the people of the former Soviet Union goes: You should remember that if you shoot a pistol at the past, people will fire back a cannon at you in the future. This predicts that history will surely pass a harsh judgement on socialism's betrayers. Those who have deceived the people and betrayed the revolution cannot win the people's trust. Only abandonment is in store for them.

DPRK Officials Lay Wreaths at Cemeteries on Army Foundation Day

SK2604050596 Pyongyang KCNA in English 0331 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — Senior officials of party and state, People's Army soldiers, working people and youths and students on April 25 laid wreaths at the Revolutionary Martyrs

Cemetery on Mt. Taesong and the Patriotic Martyrs Cemetery and floral baskets at the monument to the victory in the fatherland liberation war on the occasion of the 64th anniversary of the founding of the heroic Korean People's Army [KPA].

Placed on the wreath-laying stands of the Revolutionary Martyrs Cemetery on Mt. Taesong and the Patriotic Martyrs Cemetery were wreaths sent by the great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army. His floral basket was also placed before the main thematic sculpture "victory" of the monument to the victory in the fatherland liberation war.

The ceremonies were attended by Yi Chong-ok, Kim Pyong-sik, Kim Yong-nam, officials of party and power bodies, administrative and economic organs, working people's organisations and central organs, KPA generals and soldiers, public security officers, working people and youths and students in Pyongyang.

Wreaths and floral baskets were laid in the name of the Central Committee of the Workers' Party of Korea, the DPRK Central People's Committee and the Administration Council, the Ministry of the People's Armed Forces, public security organs, commissions and ministries under the administration council, working people's organisations and central organs and others.

Wreaths were also laid at the statues of martyrs, monuments to fallen fighters of the People's Army and graves of martyrs across the country.

Military attaches corps of foreign embassies in Korea placed a wreath at the Revolutionary Martyrs Cemetery on Mt. Taesong and a floral basket at the monument to the victory in the fatherland liberation war.

DPRK Daily on Achievements in Hamgyong Province Power Production

SK2604143596 Pyongyang NODONG SINMUN in Korean 18 Mar 96 p 3

[News report by reporter Pak Chi-hung]

[FBIS Summary] Over the past one to two years, South Hamgyong Province has generated an enormous amount of power generating capacity, with can operate about 400 local industrial plants in the province. Assembly work is in the final stage, and test runs are in progress at many small and medium power plants which have been under construction. These plants will soon be put into operation and will newly generate thousands of kilowatts of electricity. As a result, the number of counties to be self-supporting in their power supply is increasing every day throughout the province. The prospects for building more small and medium power plants in the province are also bright. The small power plant construction enterprise of the province, and its subordinate power plant construction offices, have finalized the plans to build small power plants in about 150 locations throughout the province where the natural and geographical advantages can be utilized. Construction has already begun in some places. Several years from now, these plants will begin to produce approximately 100,000 kilowatts of electricity commensurate with the production of a large power plant, without any state investment.

Small power plant construction is being carried out as a mass campaign in South Hamgyong Province.

The province manufactures power generating facilities by its own by actively mobilizing hidden resources in the province. The Yongsong Combined Machinery General Bureau has manufactured several tens of tons of complicated precision turbine on its own, the Hamhung Power Generating Equipment Spare Parts Plant and Kumjingang Machinery Plant have produced turbines, and another plant has even produced a generator.

The province also mobilizes the generators of fishing vessels for power supply and sees to it that the problems of transformers, insulators, and electric wires are self-supportingly solved by the power distribution stations of cities and counties.

DPRK: Kim Chong-il Sends Birthday Table to Agricultural Scientist

SK2604105096 Pyongyang KCNA in English 0803 GMT 26 Apr 96

[FBIS Transcribed Text] Pyongyang, April 26 (KCNA) — The great leader Comrade Kim Chong-il sent a dinner table to Kim Sang-nyon, director of an Institute of the Academy of Agricultural Science, on the occasion of his 70th birthday.

Academician, Prof. and Dr. Kim Sang-nyon, who is also labour hero, bred scores of new species of rice in the past.

Comrade Kim Chong-il, who values and loves scientists much, took meticulous care so that Kim Sang-nyon could make greater successes in his scientific research and brought him up to be a laureate of "Kim Il-song Prize", deputy to the Supreme People's Assembly and people's scientist.

DPRK: Anniversary of Law on Caring for Children Marked

SK2904143596 Pyongyang KCNA in English
0850 GMT 29 Apr 96

[FBIS Transcribed Text] Pyongyang, April 29 (KCNA) — "Law of the Democratic People's Republic of Korea on Nursing and Upbringing of Children" was adopted at the 6th session of the 5th Supreme People's Assembly in April 1976.

Comprehensively contained in it are questions to fix and develop by law the brilliant achievements made in the work of nursing and upbringing children.

It consists of six chapters and 58 articles.

Major principled matters of nursing and upbringing children are codified in the first chapter "The Fundamentals of the DPRK's Law on the Nursing and Upbringing of Children" and the stand and obligations of state and social organizations and cooperatives in upbringing children and state cares for the children and women in the second chapter "The Raising of Children at State and Public Expense."

The third chapter "Cultured and Scientific Rearing of Children" codifies state obligations to provide children with hygienic and cultural environments and medical cares.

Korea has a regular network of specialized medical service for children from the centre to the first medical service areas thanks to the popular policies of the Workers' Party of Korea and the Government of the DPRK which take preferential measures for them. They are under double and treble medical care by paediatricians.

Codified in the fourth chapter "Revolutionary Bringing Up and Education of Children" are all principles and orientation to educate children in a communistic way. Social positions of educators and nurses and their obligations are also codified in the fifth chapter "Nursery Governesses and Kindergarten Teachers Who Are Revolutionaries Fostering Reserve Forces of the Revolution".

The sixth chapter "Child-Nurturing Establishments and their Guidance and Management" contains state and public characteristics of child-nurturing establishments and principles and contents of state guidance and management over them.

The law not only deeply indicates fundamental principles and demands in bringing up children at the state and public expense but also contains specific and substantial measures to put them into practice.

DPRK: Constellations Found Carved on Dolmens at Megalithic Tombs

SK3004095096 Pyongyang KCNA in English
0750 GMT 30 Apr 96

[FBIS Transcribed Text] Pyongyang, April 30 (KCNA) — Scholars of the Archaeology Institute of the Academy of Social Sciences of Korea recently found constellations carved at megalithic tombs which date back to Tangun's Korea (first half of the third millennium B.C.-108 B.C.).

The constellations were carved on the cover flat stones of dolmens. Grooves of different sizes from two centimetres to 15 centimetres are in the form of a star map. Each flat stone has between less than ten and 200 grooves in the shape of a glass or a plate.

More than 200 megalithic tombs that bear such star maps have been discovered in the areas along the Taedong River, Pyongyang at the centre.

The constellations carved on dolmens include not only the great bear but also comets and the milky way. Their positions are considerably correct and their movement index is of little difference compared with the present-day ones.

The discovery of constellations carved on dolmens proves that the Korean nation has a very long history of astronomy.

South Korea

ROK: U.S. Officials, Yi Chong-hyok To Discuss Pending Issues

SK3004005096 Seoul YONHAP in English
0029 GMT 30 Apr 96

[FBIS Transcribed Text] Washington, April 30 (YONHAP) — The United States is ready to discuss a wide range of pending issues with North Korea when Yi Chong-hyok, a central committee vice director of the ruling Workers' Party, visits here Wednesday.

Diplomatic sources said Monday that Yi, reputed to be an influential figure in Pyongyang's diplomacy toward Washington, is scheduled to meet with executive and legislative branch government officials involved with Korean issues to discuss a wide range of pending issues.

Through working-level contacts, the United States has urged the North to accept the four-way peace talks, but the North Koreans have reportedly been demanding specific conditions for the offer.

Glyn Davies, a State Department spokesman, said Monday that a working-level meeting will be held between the two countries. Working-level denotes deputy assistant secretary or department director level, he added.

Pyongyang has not yet given a response that indicates whether it accepts or rejects the quardripartite talks, Davies said.

ROK: U.S. Scholar on S-N Talks, 4-Way Talks, DPRK Food Situation

SK3004103696 Seoul YONHAP in English 0932 GMT 30 Apr 96

[FBIS Transcribed Text] Tokyo, April 30 (YONHAP) — An American North Korea watcher who has been to Pyongyang no fewer than 15 times predicted Tuesday that North Korea would probably come to full-fledged dialogue with South Korea only after President Kim Yong-sam's term of office expired, the KYODO news service of Japan reported.

Stephen Linton, a researcher at the Korea Institute of Columbia University, said in an interview with KYODO that North Korea has a strong abhorrence of President Kim mainly because he banned condolences by South Koreans over the death of Kim Il-song.

North Korea's strategy, therefore, is to put off until a later time inter-Koreans talks other than those on the question of food assistance, Linton reportedly said.

He said that given the Pyongyang policy, he is not optimistic about the realization of the four-way talks proposed recently by Presidents Kim Yong-sam and Bill Clinton.

Linton also said that since missiles are a means of earning foreign exchanges, the missile issue could be resolved once the United States eases its economic sanctions against Pyongyang.

Regarding North Korea's food situation, Linton said the food crisis is very serious, but there is no sign whatsoever of the collapse of the North Korean system.

What North Korea wishes to attain most at the moment is to conclude a bilateral security agreement with the United States like the one signed between the United States and South Korea.

Linton further observed that because of the food crisis, Kim Chong-il will not assume the party general secretaryship or state presidency even when Kim Il-song's official mourning period ends in coming July.

ROK: Kwon O-ki Urges DPRK To Accept Proposal for 4-Way Talks

SK3004064496 Seoul YONHAP in English 0630 GMT 30 Apr 96

[FBIS Transcribed Text] Seoul, April 30 (YONHAP) — Deputy Prime Minister Kwon O-ki called on North Korea Tuesday to accept the proposed four-country talks for a permanent peace on the Korean peninsula.

Concurrent National Unification Minister Kwon made the call by saying, "Our policy is focused on opening a main road through which the South and North, the directly-involved parties, can reconcile and cooperate with each other to achieve peace on the Korean peninsula and the common prosperity of the nation."

Kwon made the remarks in a speech he made at a meeting sponsored by the Yoido Club, a fraternity of broadcasting journalists, at the 63 Building.

By closely consulting with all countries concerned, the government is making multifaceted efforts to make the four-way peace talks a reality, he said.

It was in that context that the government gave three firms permission to go ahead with joint ventures in the North over the weekend, Kwon explained.

Pointing out that a sense of social instability stemming from a delay in power succession, food and energy shortages and an increase in the number of people fleeing the country is spreading in the communist country, Kwon remarked, "Contradictions in North Korea, since they are structural, can hardly be resolved by outside assistance alone so that openness and reforms are inevitable."

As to Kim Chong-il's ascension to power, he advised that attention be paid to developments following the second anniversary on July 8 of the death of Kim Il-song.

Commenting on the remarks a senior North Korean party official made in the United States last week that Pyongyang will promote trade relations with the capitalist market, Kwon said, "We are watching from the perspective that the North must change itself to overcome all of its adversities."

ROK: Kim Yong-sam on NKP Candidate, Quadrilateral Talks

SK3004095396 Seoul YONHAP in English 0926 GMT 30 Apr 96

[FBIS Transcribed Text] Seoul, April 30 (YONHAP) — President Kim Yong-sam has made it clear that he believes it is too early to talk about who the next presidential candidate of his New Korea Party [NKP] will be since he will be in office for another 22 months.

In an interview on Monday with the Buddhist Broadcasting System (BBS), which will celebrate its sixth anniversary Wednesday, the chief executive made the clarification when asked about the next presidential candidate, while reasoning, "It would be better for me not to mention the issue since to say something about the question at this juncture will only cause problems, and would not be helpful to national affairs."

Kim's remarks are believed to be aimed at having members of his party refrain from or discontinue discussions about their next presidential candidate.

"I'll continue to push for change and reforms until I finish my term in office," Kim stressed. "There can't be finishing touches to reforms despite that a segment of society has recently come to think that there would be."

On the four-way talks recently proposed to North Korea to work out a permanent peace framework, the head of state said that it would be better for the North to accept the proposal for its own sake.

Kim forecast that the four-nation meeting will take place if the concerned parties wait patiently, since Pyongyang will eventually figure out what is best for them.

Kim disclosed that his government was originally intent on sending an official to North Korea with a view to explaining the contents of the proposal before making an official offer. "But, due to the problem of deciding who to talk with in the North, we did it through the good offices of Indonesia," he said.

Touching on inter-Korean exchanges, President Kim warned against "illusions" in handling the reunification issue. He said that the government will allow non-governmental-level inter-Korean exchanges "within the limits of the possibility" on its own initiative.

Turning to law enforcement on election frauds, the president emphasized, "I'll never tolerate election law violators, irrespective of their party affiliation, for the sake of the nation's future."

ROK: Daewoo To Set Up First Joint Venture Company With DPRK

SK3004021196 Seoul THE KOREA TIMES in English 30 Apr 96 p 1

[Report by staff reporter Sim Chae-yun]

[FBIS Transcribed Text] Daewoo Group, for the first time in domestic company history, has agreed with North Korea to set up a joint venture company, the National Industry Corporation, in the North for the production of light industry goods, including textile products.

The company will be located in the Nampo Industrial Complex, west of Pyongyang, with some 1,319 North Korean employees, according to a Daewoo spokesman yesterday.

The spokesman said that Daewoo has agreed with officials from North Korea's state-run Korea Samcholli General Corporation on setting up the joint venture company and operating it at full throttle sometime in May.

The two sides concurred on a 50:50 share of the stake for the company with 51.2 million dollars in investment. The company will be composed of three factories that will produce 3 million shirts, 600,000 jackets and 300,000 bags annually.

The company's annual export amount is expected to reach some 35 million dollars. The complex will cover 26,000 square meters.

Its board of directors will consist of six members, three from each side, said the spokesman.

So far, Daewoo and other small and medium-size companies have engaged in economic exchanges with North Korea on the basis of trading goods processed on commission.

"It is the first such case of a company getting government approval for setting up a joint venture company," explained the spokesman.

In addition to 1,319 North Korean workers, 29 employees of Daewoo will be dispatched to the company, according to the spokesman.

The main textile items to be manufactured by the company are shirts and blouses.

Samcholli General Corporation's president Kim Pong-ik will act as president of the new company for three years, while Daewoo Corporation's executive director Pak Chun will be appointed vice president.

Daewoo has contacted related North Korean officials from mid-April just after the April 11 general elections.

The Daewoo spokesman said that the group will consider setting up a branch office in Pyongyang, where some 10 Daewoo employees are expected to work.

ROK: DPRK's Yi Chong-hyok Said To Meet Carter Center Official

SK3004013296 Seoul KBS-1 Radio Network in Korean 0000 GMT 30 Apr 96

[Report by YONHAP from Washington]

[FBIS Translated Text] Yi Chong-hyok, deputy director of a department of the Workers Party of Korea, who is visiting Atlanta, Georgia, to attend a symposium on the Korean peninsula, unofficially contacted an official of the Carter Center last weekend, said a pertinent U.S. figure.

The figure involved in Korean peninsula affairs said Yi Chong-hyok met with Burns [name as transliterated], director for disputes and human rights at the Carter Center, and added that former U.S. President Carter is not likely to get involved again in North Korean issues any time soon.

ROK Group Declines To Attend N-S Seminar in U.S.

SK3004071396 Seoul CHUNGANG ILBO in Korean 30 Apr 96 p 2

[Report by correspondent Kil Chong-u]

[FBIS Translated Text] The ROK delegation did not show up at a symposium entitled "South and North Korea and the United States, a New Triangular Relationship," which opened in the University of Georgia in Athens on 29 April following the North Korea-U.S. Christian symposium held in Atlanta on 26 April. The symposium proceeded only with delegates from the United States and North Korea seeing as their ROK counterparts declined to show up.

It has not been confirmed why the ROK delegation did not attend the meeting, or whether they did so after coordinating with the ROK Government.

In connection with this, Pak Han-sik, director of the Global Affairs Institute (GLOBIS) [as published in English], which sponsored the meeting, said: "The participants were supposed to express their personal views, not those of the government. However, this meeting has drawn unexpected attention since high-ranking North Korean officials attended it after the ROK and U.S. leaders proposed four-party talks." He added: "The ROK delegates said their presence might be construed as speaking for the ROK Government. They added they would not be able to handle the ensuing consequences."

ROK: DPRK Food Situation Viewed; DPRK Official on Succession in 1997

SK3004075896 Seoul HANGYORE SINMUN in Korean 30 Apr 96 p 1

[Report by Pak No-pil]

[FBIS Translated Text] It has been learned that due to serious food shortages, Kim Il-song University has been closed temporarily and that people in some regions are living on bark.

It also has been confirmed that due to foreign exchange shortages, one dollar is exchanged for 190 North Korean won in black markets, 95 times higher than the official exchange rate.

This has been confirmed by Yi Chung-yol, correspondent for HANGYORE 21, a sister news weekly of HANGYORE SINMUN. He participated in the "April Spring Friendship Art Festival," which opened in Pyongyang in early April, as a member of a Korean-American cultural and tourist group.

Yi, a Korean-American, visited North Korea for 12 days. North Korean authorities closed Kim Il-song University when they could not feed students in dormitories due to food shortages. They also asked students from regional areas to bring rice when they return to school.

Yi also said: "A Pyongyang resident gets three kg of rice and other cereals a month, while a South Korean consumes 9.6 kg a month. However, the ration for residents in regional areas stopped three months ago. North Korea has told me the food situation in Hamgyong, Chagang, and Yanggang Provinces, severely stricken by the flood, is the worst."

He also said: "I saw a young woman peeling bark with a 20 to 30 cm-long knife at the foot of Mt. Myohyang."

It was confirmed that Nagwon and Taesong department stores and other foreign currency stores and bookstores and artifact stores frequented by foreigners are selling goods at reduced prices to earn foreign exchange. Yi said he could not buy aspirin at foreign currency stores because of the poor supply of medicine.

Meantime, in connection with the succession to the presidency by Party Secretary Kim Chong-il, Yi said that a North Korean official whom he met in Pyongyang told him that "strictly speaking, the three-year mourning will be over next year" and the "succession will take place next year." He also said: The North Korean official told me that Kim Chong-il would be 55 years old in 1997 and that Kim Il- song's 85th birthday would be celebrated that year. He stressed that important functions are held in "years that end with five."

ROK: U.S. Optimistic Over DPRK Response to Talks Offer

SK2904121296 Seoul YONHAP in English
1148 GMT 29 Apr 96

[FBIS Transcribed Text] Seoul, April 29 (YONHAP) — The United States mulls taking phased steps to induce North Korea to agree to the recently proposed four-way talks in the belief that Pyongyang's initial reaction to the overture was sincere, a Seoul government official said Monday.

"The United States is viewing North Korea's initial reaction to the idea of four-way talks in guarded optimism," the official said.

He said that U.S. authorities urged North Korea to affirmatively review the proposal while discussing various pending issues with Kim Chong-u, vice chairman of the External Economy Commission, and other senior North Korean officials on trips to the United States.

However, the U.S. does not promote any additional contact with Pyongyang after a U.S. official unofficially met Han Song-yol, a counsellor at the North Korean mission to the United Nations, over the four-way talks issue, the official said.

At the unofficial contact, he said, North Korea strongly asked Washington to additionally ease economic sanctions. "But, the U.S. noted that North Korea has not taken steps that warrant eased economic sanctions," the official said.

The U.S. is expected to further ease economic sanctions if North Korea renounces terrorism, agrees to control missile exports, shows more sincerity toward the U.S. MIA issue and returns to South-North dialogue, the official added.

ROK: DPRK Stages Public Execution of 20 'Political Prisoners'

SK2904114596 Seoul CHUNGANG ILBO in Korean
29 Apr 96 p 2

[Report by Choe Won]

[FBIS Translated Text] On 28 April, a relevant government official revealed that North Korea recently publicly executed 20-odd North Korean citizens in Sinuiju by branding them political prisoners.

The official stated that "the North Korean authorities, gathering several thousand people at the riverbanks of the Yalu River near Sinuiju two weeks ago, executed 20-odd people, including a woman in her forties, by labelling them political prisoners."

However, it was learned that those executed were not political prisoners but a group of thieves engaged in smuggling in the border areas. In the past, they had engaged in cutting and stealing electric wires and selling them to China. In mid-March, they also stole some electric wire. But the electric wire they stole was wire supplying electricity to the lights of the Kim Il-song Statue located in the center of town in Sinuiju. As such, the case was under intensive search and investigation.

Since the light illuminating the Kim Il-song statue was abruptly cut off, the State Security Department, not the Ministry of Public Security, immediately launched an investigation and arrested 20-odd people.

Attaching great importance to the fact that the light illuminating the Kim Il-song statue was turned off, the North Korean authorities sentenced them to be shot by labelling them political prisoners, instead of sending them to prison, which is the usual practice for such criminals.

ROK: Many Business Leaders Expected To Visit DPRK in May

SK2904123296 Seoul HANGUK ILBO in Korean
29 Apr 96 p 1

[By reporters Yi Chae-yol and Kim Pyong-chan]

[FBIS Summary] It was learned on 28 April that Chong Chu-yong, honorary chairman of the Hyundai Group, and a number of other heads of major business corporations are planning to visit North Korea in May. At the same time, economic organizations such as the Federation of Korean Industries [FKI] and the Korean Foreign Trade Association [KFTA] are pushing ahead with visits to the North by representatives of their member firms. Therefore, visits to the North by businessmen, which have been virtually suspended since the January 1995 visit to the North by the presidents of such major business corporations as Samsung and Daewoo, are likely to resume in large numbers in May.

The large-scale visits to the North by businessmen are expected to come because our government is showing a flexible attitude toward inter-Korean economic cooperation in the wake of the four-way talks proposal.

An official from the FKI said: "We are considering dispatching an investment survey team to the Najin-Sonbong special economic zone." The KFTA is pushing ahead with its member firms' visit to the Najin-Sonbong area through the United Nations Industrial Development Organization, and the Korea Trade and Investment Promotion Agency is planning to establish a liaison office in Pyongyang sometime this year to provide a bridgehead to assist small- and medium-sized industries in their business activities in North Korea.

ROK: MNU To Allow Chaebol Managers To Visit North for Projects

SK2904145596 Seoul KBS-1 Radio Network in Korean 0800 GMT 29 Apr 96

[FBIS Translated Text] Concerning South-North economic cooperation, the government will continue to prohibit heads of conglomerates from visiting the North, but will allow professional managers from conglomerates to visit the North.

Regarding visits to the North by businessmen, a high-ranking official of the Ministry of National Unification [MNU] said today that currently several businesses have applied to visit the North, but since visits to the North by heads of conglomerates may bring about confusion in South-North relations, it will continue to prohibit them from visiting the North. However, visits to the North by professional managers of conglomerates will be allowed.

This official said that other than businesses that have already received approval to conduct South-North economic cooperation projects, some 10 other businesses have also applied to conduct South-North economic cooperation projects which are all likely to succeed, thus hinting at the possibility that the ten additional projects will be approved.

ROK: Inter-Korean Joint Venture Plant To Start Operations in May

SK2804043296 Seoul YONHAP in English 0158 GMT 28 Apr 96

[FBIS Transcribed Text] Seoul, April 28 (YONHAP) — An inter- Korean joint venture plant is expected to put into operation for the first time as early as next month.

Daewoo Corp. and its North Korean counterpart Samcholli General Corp. have recently concluded an agreement on the establishment and operation of a sewing and garment manufacturing plant, and named it as "National Industry General Corp.," industry sources said Sunday.

Both sides have driven the project as part of inter-Korean economic cooperation since 1992.

To be built inside the North's Nampo industrial complex, the projected plant will staff 1,300 workers from the North and 13 from Daewoo, and churn out shirts and blouses from its three production lines, according to the sources.

Both sides are also known to have agreed that the Samcholli president and a Daewoo executive officer will become the president and vice president of the inter-Korean joint venture company for three years, respectively.

Daewoo will invest 5.12 million U.S. dollars in the project, the sources said.

ROK: Investment Projects in DPRK Said 'Appeasement Gesture'

SK2904120196 Seoul CHOSON ILBO in Korean 28 Apr 96 p 2

[Article by Kim Yon-kwang]

[FBIS Summary] The ROK Government's approval of investment projects in North Korea by three major ROK companies is interpreted as an appeasement gesture in order to realize four-party talks. Investment in North Korea has been frozen for seven months.

Following the proposal for four-party talks, the ROK Government used various channels to notify North Korea of the South's offer of large-scale economic aid and details of North-South economic cooperation. The approval of investment projects in North Korea is considered a peek at the gift package.

The recent approval has a few noteworthy points. The projects are all over $5 million in value. The commodities involved have been expanded from light industry to electronic products and even infrastructure.

Approval of the telecommunications project is interpreted as a message from the ROK Government to North Korea that "not only private companies, but the ROK Government as well may invest in social overhead projects once North-South relations improve."

However, North-South economic cooperation projects must still overcome many difficulties, including remittance and documentation issues.

An ROK company official said: "North Korea keeps changing the investment sites and conditions. The biggest obstacle to investment projects is North Korea's political considerations." Therefore, promotion of investment in North Korea will be difficult without a change in North Korea's attitude. North Korea asked the ROK's Korea Land Development Corporation and KEPCO to build the Najin-Sonbong complex, but refuses government-level negotiations.

An ROK Government official stated: "The investment scale will not increase without an investment guarantee agreement or a guarantee for personal security. Whether or not our concession will be fruitful depends on North Korea's attitude."

ROK: DPRK Grain Imports Reportedly Only 10% of Targeted Amount

SK2904104796 Seoul CHOSON ILBO in Korean 24 Apr 96 p 10

[FBIS Translated Text] A pertinent ROK Government official said on 23 April that, as of late March, North Korea had imported 147,000 tonnes of grain from the United States, Japan, and other foreign countries, a mere 10 percent of the 1.46 million tonnes it had planned to import this year.

This official also said that "North Korea faces difficulties in importing grain because of sharp increases in international grain prices," adding that "North Korea was able to weather its food crisis last year with foreign assistance of 850,000 tonnes of grain. However, North Korea will face a serious famine if it fails to acquire an additional one million tonnes of grain before the end of this year."

He also said: "In the ROK-U.S.-Japan high-level policy meeting in Hawaii last year, our government predicted a 'food crisis in June' on the assumption that North Korea would import around one million tonnes of grain this year." He further said: "A food crisis will deepen before September, when corn is harvested."

North Korea reportedly imported 4,000 tonnes of wheat and barley from Syria, 133,000 tonnes of rice from Japan, and 10,000 tonnes of corn from China this year.

The government has found out that North Korea has now signed contracts or seeks to do so with China, Cambodia, and Vietnam to import 689,000 tonnes of corn, 500,000 tonnes of rice, and 100,000 tonnes of rice respectively.

ROK: Chon, No Said Developing Russian Farm To Give Rice to DPRK

SK2904134796 Seoul TONG-A ILBO in Korean 29 Apr 96 p 2

[By reporter Yi Won-chae]

[FBIS Summary] Former President Chon Tu-hwan has reportedly been pushing ahead with the work of building a large-scale rice farm in the Russian Maritime Territory, with the aim of providing the harvested rice to North Korea, and now former president No Tae-u and Chongwadae [presidential offices] are reportedly also expressing deep interest in this project.

The imprisoned former presidents are very active in pushing ahead with this project apparently because they think it will provide a turning point for improving their images after their release from prison and because through it they can influence inter-Korean relations with rice aid.

Yi Pyong-hwa, director of the Kukje Agricultural Development Institute who pushed ahead with the Maritime Territory rice farm project, said that a close aide of former president No Tae-u asked him about the cost of the project and he replied that it would cost billions of won.

Director Yi also said he met a former government minister who is close to former president Chon Tu-hwan and the latter conveyed to him former president Chon's message that he will certainly make the project a success. Former president Chon's message also said: "Because I cannot emigrate to a foreign country or go to the Paektamsa after I am released from prison, if I concentrate on development of the Maritime Territory farm, I hope it will melt the people's resentment toward me." Director Yi also said that a businessman close to high-level Chongwadae figures told him that some circles in the government are pushing ahead with a plan to include in the ruling party's presidential election campaign platform the project of developing the Maritime Territory rice farm and giving rice aid to North Korea.

ROK: DPRK Reportedly Imports Counterfeiting Technology From Iran

SK2904110196 Seoul HANGUK ILBO in Korean 25 Apr 96 p 2

[Report by Tokyo correspondent Pak Yong-ki]

[FBIS Translated Text] A Japanese biweekly news magazine, SAPIO, revealed on 24 April that North Korea imported counterfeiting technology and technicians from Iran in return for exports of missiles, jet warplanes, and other weapons and developed "Super K," a new bogus $100 bill.

In its latest, 8 May edition, SAPIO carried an interview with an official of the Secret Service [SS] of the U.S. Treasury Department, an agency detecting counterfeits. The magazine said: "North Korea is waging a fake dollar war with Iran." According to this magazine, North Korea started to print counterfeits by purchasing high-performance printing presses from Austria in the early 1980's. However, the counterfeits were less useful because North Korea did not have the sophisticated counterfeiting techniques which countries like Iran had. Iran was printing elaborate "Super C" counterfeits at the time.

Then, North Korea reportedly received information that the Iranian military, realizing the might of missiles during the eight-year war with Iraq, wanted to buy new-model missiles from North Korea, including "Nodong" and "Taepodong." So North Korea agreed to give missiles and jet warplanes to Iran in return for Iranian counterfeiting techniques and technicians. This magazine contended that North Korea thereafter built a four-story counterfeiting plant in Pyongyang, where 2,000 special agents, including 2 Iranian technicians, are working. This magazine surmised that North Korea has made "Super K" counterfeits worth more than $10 million, and circulated them in Southeast Asia and the Middle East.

The SS official said Iran was set to manufacture counterfeits in the early 1980's, and that the Iranian revolutionary regime had churned out elaborate counterfeits at the time, using two high- performance printing presses which King Phalavi had purchased from the U.S. Mint. This magazine said these counterfeits were exchanged for $3 to $50 on the black market, but detected by the SS, as "almost-perfect" bogus dollars had been circulated across the Middle East in the late 1980's.

ROK: Kong No-myong Begins Tour of South Africa, Austria, Russia

SK2704113396 Seoul YONHAP in English
1101 GMT 27 Apr 96

[FBIS Transcribed Text] Seoul, April 27 (YONHAP) — Foreign Minister Kong No-myong departed Saturday for a 13-day tour spanning South Africa, Austria and Russia.

He will attend a general assembly of the United Nations Conference on Trade and Development (UNCTAD) April 29 in Johannesburg.

On the sidelines of the UNCTAD meeting, Kong will meet with his Japanese counterpart, Yukihiko Ikeda, on issues of bilateral concern.

The Seoul official is also expected to meet with North Korean officials attending the meeting both on an official and unofficial basis.

In Austria, Kong will meet with Austrian Foreign Minister Wolfgang Schuessel and Prime Minister Franz Vranitzky.

Kong's schedule in Moscow includes meetings with Russian Foreign Minister Yevgeniy Primakov and Russian parliamentary leaders. He is expected to elicit support for the proposed four-way talks involving South and North Korea, the United States and China for a permanent peace agreement on the Korean peninsula.

ROK President Kim Sends Condolences to Indonesian Counterpart

SK2904005896 Seoul YONHAP in English
0012 GMT 29 Apr 96

[FBIS Transcribed Text] Seoul, April 29 (YONHAP) — President Kim Yong-sam sent his condolences Sunday to Indonesian President Suharto on the death of his wife.

"Upon hearing the news of your beloved wife's death, I could not hold back my great sorrow, and I express my deep condolences to Your Excellency and your family," the chief executive said.

"My wife and I will forever keep deep in our hearts your beloved wife's noble character, as well as the friendship and hospitality that she extended to us.

ROK: Philippines President Supports 4-Way Talks

SK2904150696 Seoul YONHAP in English
1210 GMT 29 Apr 96

[FBIS Transcribed Text] Manila, April 29 (YONHAP) — Philippine President Fidel Ramos said Monday his country fully supports the idea of four-way talks proposed by Presidents Kim Yong-sam and Bill Clinton in their recent summit at Cheju-do.

While meeting with South Korean Deputy Prime Minister Na Ung-pae at his Presidential Palace, Ramos said the four-way talks are a wonderful idea that can ease tension on the Korean Peninsula.

Na was paying a courtesy call on President Ramos. He arrived here earlier in the day to attend the annual meeting of the Asia Development Bank (ADB).

During the meeting, Deputy Prime Minister Na handed to President Ramos a personal message from President Kim Yong-sam, in which Kim thanked Ramos for supporting South Korea over the Korean question.

Expressing the hope that Korea-Philippines economic exchanges will be further expanded in the days to come, President Ramos said his country is an ideal place for South Korean industries to invest in because he said the Philippine economy is now on the track of smooth development.

Ramos said in particular that he wishes many South Korean contractors will take part in the construction of social overhead capital facilities in the Philippines.

ROK: Prime Minister To Visit Turkey, E. Europe 9-22 May

SK2904144296 Seoul YONHAP in English
0825 GMT 29 Apr 96

[FBIS Transcribed Text] Seoul, April 29 (YONHAP) — Prime Minister and Mrs. Yi Su-song are officially visiting Turkey, Poland, Hungary and Romania May 9-22.

During the tour, Prime Minister Yi will discuss with his counterparts in the four countries ways to strengthen bilateral economic ties and exchange views on the situation in their respective regions, his office disclosed Monday.

Yi is also scheduled to pay courtesy calls on the heads of state and confer with political and economic leaders of the four countries.

The prime minister will also meet with South Korean businessmen operating in those countries to listen to their problems and recommendations. In Romania, he is to tour joint venture project sites like the Daewoo Motor Plant.

Yi will be the first South Korean prime minister to visit the four countries.

Vice Foreign Minister Yi Ki-chu, Vice Trade, Commerce and Energy Minister An Kwang-ku, and his Chief Secretary Song Tae-ho will be accompanying Yi on the trip.

ROK: UK Minister of Industry Comments on Automotive Industry

SK3004015296 Seoul YONHAP in English
2325 GMT 29 Apr 96

[FBIS Transcribed Text] Seoul, April 30 (YONHAP) — British Minister of Industry and Energy Tim Eggar said Monday that prospects for cooperation between the automotive industries of South Korea and Britain "are very good, indeed."

Having opened a seminar on the United Kingdom's automotive industry Monday at the Westin Chosun Hotel in downtown Seoul earlier in the morning, the London official said British car designers and manufacturers are "keen to cooperate" with South Korea here, in Britain and in the world market.

Eggar cited examples of the major role Britain plays in the world's automotive industry, including the fact that all Formula-1 race cars this year were designed in Britain, all except Ferraris had their engines built there, and all winners at the Indianapolis 500 since 1978 had their vehicles designed there as well.

Sponsored by the Korean Automotive Manufacturers Association, the seminar featured presentations on the technical capabilities of leading British automotive firms, with representatives from the components, design and development, and motor racing sectors on hand.

The minister will also visit the Korea Electric Power Corp. for discussions about the light-water reactor project for North Korea, particularly on the fuel cycle, reprocessing and waste management.

He is also to meet representatives from the Korean aerospace industry to discuss a joint jet project to be undertaken by South Korea, China, and British airways, and will later meet with companies interested in investing in Britain.

On foreign access to the Korean auto market, Eggar said that though South Korea has been perceived as a closed market in the past, he is nonetheless impressed with the sharp increase recently in foreign imports and the ever-expanding and more competitive Korean auto firms.

British auto component firms had 30 million U.S. dollars in exports here last year, with T&N and lotus accounting for the bulk of the total.

He added that technological transfer "is no problem" for British firms, stressing partnership as the key to Korean-British cooperation.

ROK: German Ambassador Views Korean Reunification Issues

SK3004030896 Seoul YONHAP in English
2355 GMT 29 Apr 96

[Article by D. Peter Kim]

[FBIS Transcribed Text] Seoul, April 29 (YONHAP) — The German model of national reunification should not be followed by the two Koreas, given the stark differences in circumstances between the former East Germany and North Korea, German ambassador to Seoul Claus Vollers said Monday.

"In the Korean case, everybody agrees that if possible, it should be done differently," Vollers told YONHAP news agency, adding that as opposed to the German example, it would be a good idea to keep the current border and slowly bring North Korea "up to standard."

"If we talk about a gradual reunification, we keep a border," he pointed out, warning, "if the border (were to be) opened from one day to the next, it would just be a chaotic situation, especially for Seoul."

Maintaining the border could prevent a possible exodus en masse of North Koreans into the South by allowing a limited number of persons to pass through, Vollers commented.

"If people from the North (living) not too far away from the border would commute to Seoul in order to work here...It would be feasible," he said, recalling that many East Germans commute to work to the West from their homes in the East.

Germany, in the euphoria following its reunification, tried to combine the East and West's economies too soon, bringing about the ensuing economic difficulties, the diplomat indicated, so a "co-location" of the two Koreas and their respective economies while engaging slowly in rapproachment "would be the best thing for both sides."

"Whether this would be feasible, we all don't know, but it would be desirable, certainly."

On the expected mammoth cost of Korean reunification, the German envoy said, "You don't have to bring North Korea up to the South Korean standard in a year like we tried. You can and have to do it according to your economic needs."

One estimate has it that approximately 200-400 billion U.S. dollars over ten years would be required to raise the North's economy to the level of the South.

Vollers responded, however, that "there is no fixed price" for reunification as it would have to be done "in a way that it could be supported."

Developing aid to South Korea in the past has "had a great effect," he opined, and despite developed nations giving less and less developing aid nowadays, there would be interest in extending assistance to a united Korea, with many viewing it as a good investment.

North Korea's chronic record of defaulting on loans and the nation's poorly-developed infrastructure, however, would continue skepticism about investment in the shadowy nation even after reunification, he said, adding that no German companies, to his knowledge, currently have any "concrete" plans to invest there.

On the possibility of a sudden collapse of the regime in Pyongyang, he commented, "Altogether, everyone agrees that the political situation with the goverment in charge is stable. There is no sign of popular unrest at the moment."

Upon taking office last September, he said, however, that he predicted that the internal situation in North Korea would change during his tenure because "it is not stable as it is."

Social problems stemming from differences in political and economic ideology also plauged Germany after reunification, and the same would "necessarily be true for any change in North Korea."

For example, the ambassador pointed out that many East Germans were employed at inefficient factories and given meaningless jobs, with many of them being out of work after reunification.

Relatedly, a large number of North Koreans who have recently defected to the South have been unable to secure employment and remain disoriented in the South's market-driven economy.

Vollers expressed his belief that plans and ideas to cope with such situations gradually are currently being discussed in Seoul.

Furthermore, East Germans, like North Korea now, were bombarded with communist propaganda blasting the West, he said, but unlike North Koreans, East Germans had access to outside sources of information about the West, including television broadcasts and correspondence with relatives or friends living in West Germany, that painted a "rosy picture" of life there.

"It will be an additional shock for the North Koreans to find out how the situation really is (in the South)," the envoy said, "necessarily, there will be difficulties (in adaptation for North Koreans) as it happened in Germany, but they can be minimized by going gradually." [sentence as received]

The fact that Pyongyang did not immediately reject the four-way talks proposed by Seoul and Washington is a "positive sign," the diplomat said, and though Russia has advocated for its role in the talks, the parties responsible for mapping out the proposed meeing, namely South Korea and the United States, should have the final say on who is to be involved.

Germany, however, will not play any role in political decisions pertaining to the Korean peninsula, he stressed, and would instead assume the part of technical advisor and "a good friend, but no more than that."

On the possibility that Korean reunification might be viewed with caution by neighboring nations such as China and Japan, the envoy said the world saw a divided Germany as "unstable and dangerous" and considers the Korean peninsula in the same light.

"Even if Korea by reunification would have a relatively higher weight and importance in the region, there's a good case for the neighbors to accept it in order to pacify and tranquilize the situation in their own interests."

On reports showing a growing ambivalence and even opposition among South Koreans to reunification, Vollers referred to those here who have classified the

North's leadership and its people in the same category as being "incorrect," as the North Korean people have never had a say in their national affairs.

"We (West Germans had) always considered the people in East Germany our brothers and the governing people as enemies. In the Korean case, the two seem to be mixed."

"The fact that everybody in South Korea speaks about reunification — for or against — shows that this is a main problem to be solved in some way."

ROK: EU Expresses Support for 4-Way Peace Talks Proposal

SK3004033496 Seoul YONHAP in English 0246 GMT 30 Apr 96

[FBIS Transcribed Text] Seoul, April 30 (YONHAP) — The European Union (EU) supports the proposed four-way talks for peace on the Korean peninsula that would involve South and North Korea, the United States and China, the Italian Embassy in Seoul reported Tuesday.

Italy, the EU chaircountry for the first half of this year, said in a press release from rome that it hoped the talks would result in the resumption of "constructive dialogue between all parties concerned," which is "necessary for the fostering of stability on the Korean peninsula."

ROK: President Kim Attends Breakfast Prayer Meeting

SK3004031396 Seoul YONHAP in English 1107 GMT 30 Apr 96

[FBIS Transcribed Text] Seoul, April 30 (YONHAP) — President Kim Yong-sam urged churches Tuesday to take the lead in restoring moral values in society.

"Religion must act as a strength propping up society and Christians exercise leadership to change our society in the right direction," the chief executive said. "It is hoped that churches will take the lead in curing degraded moral and restoring moral values in our society."

President Kim made the remarks at a prayer breakfast meeting held at the Hilton Hotel in downtown Seoul Tuesday with approximately 1,700 Christian leaders and celebrities from other walks of life attending.

Kim asked Christians and churches to take initiatives in the social reforms and work to right past wrongs.

Stressing the need for churches to engage in activities designed to preserve the environment, respect life and look after the handicapped, Kim said, "only then will our national community be able to tread the right path in unison."

"We Christians now must break with the bonds of egotism and narrow-mindedness... churches should strive together to create a mature, exciting and worthwhile way of living in which people understand and forgive one another," Kim maintained.

Also on hand at the prayer meeting were government leaders, foreign envoys and missionaries.

ROK: Outgoing NKP Chairman on Single Presidential Candidate

SK2704013396 Seoul THE KOREA TIMES in English 27 Apr 96 p 2

[FBIS Transcribed Text] Outgoing chairman Kim Yun-hwan of the ruling New Korea Party [NKP] stressed yesterday that the party should agree on a single candidate for the 1997 presidential election instead of selecting one through an intra-party open competition.

Meeting with reporters at party headquarters, Kim said, "An open competition should be the last resort, used by the ruling party only when it fails to induce an agreement."

The chairman, who will be replaced in the upcoming party leadership reshuffle, added that a heated presidential nomination race could break down the ruling party which is comprised of heterogeneous elements ranging from reformists to ultra-right conservatives.

The party was a product of the 1990 three-way merger between the then ruling Democratic Justice Party led by ex-President No Tae-u and two opposition groups led by current President Kim Yong-sam and Kim Chong-pil.

It is speculated that Chairman Kim, who led No's followers in the ruling party, made the remarks to emphasize his role in the process of singling out the party's presidential candidate.

But observers said that his remarks could spark repercussions from possible presidential candidates, especially from former Vice Speaker of the National Assembly Yi Han-tong and Rep. Yi Myong-pak, who openly said the nomination race should be completely free and fair.

Kim also emphasized that the debate over President Kim's successor should be postponed until next March or April to prevent the precipitation of the lame duck phenomenon.

"The ruling party should focus its efforts on developing policies that will adhere to the messages sent by the public in the April 11 general elections," the chairman said.

He added that the people want the ruling party to help President Kim successfully achieve his major reform goals rather than plunge into a debate on the next presidential candidate.

Kim said he did not feel sorry for being replaced because it is a party member's duty to "give the party president free reign to form a new party line-up after a big event such as the general elections."

He stressed, "I don't want to be rewarded for my work as chairman, recognition for having kept the party united at a time when the party was on the verge of collapse after our humiliating setback in the local polls in June last year."

Asked if he will run for the presidency, he did not rule out the possibility and simply stated, "It is not yet time to answer that question."

ROK: Prosecution Investigates Lawmakers-Elect for Election Fraud

SK2804101596 Seoul YONHAP in English 0949 GMT 28 Apr 96

[FBIS Transcribed Text] Seoul, April 28 (YONHAP) — The Supreme Public Prosecutor's Office said that it grilled three or four legislators-elect Sunday, who are suspected of illegal campaigning during the April 11 general elections.

Rep. Ham Sok-chae, who were elected in Chonan-B District, South Chungchong, on a opposition United Liberal Democrats' [ULD] ticket, was accused of having made a false description on his academic career and having done pre-election campaign by mentioning election promises in his congressional report, the prosecution disclosed.

The prosecution plans to arrest Kim Hwa-nam from Uisong District, North Kyongsang Province, ULD, upon confirming his charges of having distributed some 50 million won in cash and gifts to voters illegally during the election. Kim notified the prosecution Sunday afternoon of his intention to present himself at the prosecution.

Another five or six representatives-elect including Kim Ho-il, ruling New Korea Party [NKP], from the Masan-Happo District, South Kyongsang Province, who allegedly donated 2 million won to members of his clan association, will be summoned and questioned Monday, the prosecution said.

Meanwhile, the prosecution is known to have interrogated a total of 19 legislators-elect concerning election irregularities thus far, comprised of nine from ULD, seven from NKP, two independents and one from the main opposition National Congress for New Politics.

ROK: Opposition Discusses Ways To Resist NKP Recruiting Efforts

SK2904143796 Seoul YONHAP in English 0736 GMT 29 Apr 96

[FBIS Transcribed Text] Seoul, April 29 (YONHAP) — The opposition parties are getting tough with the ruling party's bid to lure into its camp newly elected opposition lawmakers and the government's allegedly biased investigation of election frauds.

The opposition camp's protest suggests that the 15th National Assembly will be contentious, even before it opens.

Floor leaders from the main opposition National Congress for New Politics (NCNP) and conservative opposition United Liberal Democrats (ULD) — Pak Sang-chon and Yi Chong-mu — had a meeting on Monday and criticized the attempt of the ruling New Korea Party (NKP) to recruit opposition lawmakers as "a political maneuvering aimed at destroying opposition parties."

The NKP only secured 139 parliamentary seats in the April 11 general elections, less than the 150 needed for a majority, and has tried to take opposition or independent parliamentary freshmen to the fold to secure more than half of the National Assembly seats.

The ruling party has successfully persuaded three Independent freshmen lawmakersm to join the NKP so far.

The opposition floor leaders agreed that NCNP President Kim Tae- chung and ULD President Kim Chong-pil should meet soon to discuss countermeasures before a possible meeting of the three opposition party chiefs — NCNP, ULD and minor opposition Democratic Party.

At the meeting expected to be held this weekend, the two Kims may agree to hold a parliamentary hearing on allegedly corruptive election campaign practices of the ruling camp.

Sources at the opposition parties said that the two Kims may also agree to jointly cope with the NKP's push to induce opposition lawmakers and the prosecution's "targeted" investigation into alleged election frauds involving opposition lawmaker-elects.

The meeting of the two Kims will be the first since 1991.

The opposition parties are studying ways to link the opening of the 15th National Assembly to the issue of opening a parliamentary hearing on corrupt campaigns.

Meanwhile, the NKP blamed the opposition camp's move, saying, "The opposition parties' same old practices should be corrected."

Lawmaker-elect and Secretary General Kang Sam-chae said that his party has never persuaded or contacted ULD Lawmaker-Elect Kim Hwa- nam who recently walked out of his party and that his withdrawal has nothing to do with the NKP.

The prosecution summoned Kim Hwa-nam in relation to his allegedly corrupt campaign.

With regard to the investigation of the prosecution, Kang said, "Now that the investigation is underway, you never know how many newly elected lawmakers will lose their National Assembly seats. If any freshmen lawmakers were found to have engaged in illegal activities while campaigning, they will surely be punished even if they belong to the NKP."

ROK: Probes Into Election Law Violations Continue

SK2904033496 Seoul YONHAP in English 0218 GMT 29 Apr 96

[FBIS Transcribed Text] Seoul, April 29 (YONHAP) — Law enforcement authorities will call in three lawmakers-elect on Monday and Tuesday for questioning about the charges of campaign irregularities brought against them.

Kim Hwa-nam, who was elected on the minor opposition United Liberal Democrats (ULD) ticket from a North Kyongsang Province district but bolted the party last week, will appear at the Uisong branch of the Taegu District prosecutor's office at around 2:00 PM Monday to answer queries about the allegation that he illegally used 54 million won for his election campaign.

After initially refusing to comply with the summons, he decided Sunday to present himself at the Uisong branch Monday afternoon. The prosecution applied for a ban on his exit from the country.

A prosecution official said if the allegation turns out to be true, the Uisong branch will apply for a warrant for his arrest for election law violations.

The Changwon District prosecutor's office will summon Kim Ho-il Tuesday elected by a South Kyongsang Province district on the ruling New Korea Party (NKP) ticket for questioning about the allegation that he donated 2 million won to an association of his clan members to buy their votes.

Seoul police will summon Monday afternoon So Chong-hwa who carried the Yongsan District on the NKP ticket to question him about the complaints filed against him concerning his election campaign.

The police on Sunday called in Yi Myong-pak of the NKP for questioning about similar complaints.

The Taejon district prosecutor's office also summoned Sunday Ham Sok-chae of the ULD for similar queries.

The official said the prosecution will complete its investigations of lawmakers-elect who allegedly violated the election law by the weekend and formally indict those found to have flagrantly violated the law next week.

ROK: Finance Ministry Unveils Multiple Futures Exchanges Plan

SK3004021996 Seoul THE KOREA TIMES in English 30 Apr 96 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government yesterday made public its plan to create multiple futures exchanges, which will ultimately allow at least Seoul and Pusan to establish futures trading markets.

The Ministry of Finance and Economy said financial futures exchange(s) will be established with more than 50 billion won in capital. Financial firms seeking to participate in the futures business must set up subsidiaries capitalized at 5 billion won each.

The business of financial futures brokers services will be separated from fund management services, aimed at rooting out conflicts of interest between the two sectors, according to the enforcement decree on the Financial Futures Act.

The decree will be put into effect from July 1 following the Cabinet approval and the endorsement by the Chief Executive.

A Ministry of Finance and Economy official predicted that from 1998, financial futures trading will take place. Banks, securities companies, securities investment trust firms and other financial firms will establish independent units to.engage in financial futures trading, he added.

There is no clear comment on what types of restrictions and opportunities will be available to foreign investors and futures traders. But Article 94 of the enforcement decree vaguely mentions that the finance-economy minister, if necessary, might restrict futures trading by foreigners.

Beginning May 3, the Korea Stock Exchange [KSE] will launch the stock index futures trading whereby foreigners are limited to buying up to 15 percent of all stock index futures contracts available on the exchange.

Analysts speculate that the parallel restriction on the maximum amount of contracts in which foreigners will be able to invest will also be applied to financial futures contracts.

In the initial stage, one financial futures exchange will be created, but ultimately multiple financial futures exchanges will be in operation in Korea if the market matures. Initially, businessmen in Seoul and Pusan are competing with each other.

The KSE will deal in stock index futures and options contracts, while a financial futures exchange will handle all types of futures contracts, excluding the stock index futures and options contracts.

ROK: Foreign Minister Kong No-myong Urges Reforming UNCTAD

SK3004100296 Seoul YONHAP in English 0814 GMT 30 Apr 96

[FBIS Transcribed Text] Pretoria, South Africa, April 30 (YONHAP) — South Korean Foreign Minister Kong No-myong urged Tuesday the United Nations Conference on Trade and Development (UNCTAD) to reform so that it can effectively carry out its role.

While delivering a keynote speech at the ninth UNCTAD session held in an international conference hall in the Midrand city near Pretoria, Kong said, "UNCTAD should emerge from this ninth session as a streamlined, more efficient and more productive organization."

He said that to remain as the central body for trade and development within the UN system, UNCTAD should focus on a limited number of areas with greater impact and efficiency.

"This way, UNCTAD will remain competitive in the face of challenges posed by globalization and liberalization. Its success requires the well-orchestrated commitments of all the member states and UNCTAD. Korea will act as a dedicated partner in these efforts," he said.

In order to justify its existence, he said, UNCTAD needs to define its distinct role while establishing mutually reinforcing partnerships with other international organizations. "In particular, UNCTAD and the World Trade Organization must form a 'complementary synergy' in the international trade arena."

About Korea's role in the economic development of developing countries, Kong clarified that in the future, Korea will attempt to organize co-financing for desirable projects between its economic development cooperation fund and international organizations, and will continue to send experts to, and receive trainees from other developing countries.

"In view of the positive effect of experience-sharing among developing countries, I believe that such efforts and projects should be encouraged in a more systematic manner within the framework of UNCTAD," Kong said.

He asserted that a triangular cooperation mechanism, that is, South-South cooperation assisted by developed countries, is a highly desirable action-oriented policy idea.

"We can easily envisage a positive and effective role for UNCTAD as moderator and as a focal point of this triangular cooperation," he said.

He added that UNCTAD will have to carry out in-depth research to further develop the idea of triangular cooperation.

"UNCTAD can also provide developing countries with lessons learned through systematic analysis of successful case studies," he said.

Kong is on a 13-day tour that will take him to South Africa, Austria and Russia. He is scheduled to meet his Japanese counterpart, Yukihiko Ikeda, here Tuesday.

ROK: Deputy Premier Advocates Mergers of Financial Organizations

SK3004083996 Seoul YONHAP in English 0713 GMT 30 Apr 96

[FBIS Transcribed Text] Manila, April 30 (YONHAP) — Na Ung-pae, deputy prime minister and finance and economy minister, said Tuesday that the government plans to expand tax incentives and financial supports for mergers and acquisitions (M&A) between domestic financial organizations.

In a press conference held at Shangri-la Hotel here, Na said that domestic financial organizations need to grow rapidly so that they are going to be able to cope with the rapidly changing market conditions including the domestic financial market opening.

South Korea's chief economic official is attending the annual plenary session of the Asian Development Bank (ADB) being held here, leading the South Korean delegation.

Na also disclosed that the government has decided to allow financial organizations including banks to increase its capital in stages beginning in July and that the ministry is now studying which organizations should be allowed to increase their capital first.

"We plan to prepare institutional devices soon to help the M&A of financial organizations go smoothly," Na said.

Na said that the government will draft a revision of the law on M&A between financial organizations and submit it to the regular National Assembly session this fall. "But we have not yet made a decision about the details of the revision."

He emphasized that the government does not intend to artificially intervene in financial M&A, which include banks, securities companies, investment and finance companies, general finance companies, insurance companies and mutual savings and finance companies.

"The government will strengthen its support in the taxation field for financial organization mergers and plans to make some money available to loan to organizations that purchase insolvent financial organizations," he said.

ROK Bank of Korea: Mar Current Account Deficit $811 Million

SK3004022096 Seoul THE KOREA TIMES in English 30 Apr 96 p 9

[Report by staff reporter Sa Tong-sok]

[FBIS Transcribed Text] Korea's current account deficit dropped sharply in March, boosted by a drastic cut in the trade deficit, the Bank of Korea said in a report yesterday.

The central bank said Korea recorded a current account shortfall of $811 million in March, down sharply from the $1.32 billion in the corresponding period of 1995. The March current account deficit was also less than half of February's $1.77 billion.

The sharp fall in the current account deficit was attributed mainly to a major improvement in the trade account, which registered a deficit of only $106 million. The $106 million trade deficit for March was less than one tenth of the $1.15 billion registered in March 1995.

Despite the sharp drop in the trade deficit in March, Korea is not likely to realize the earlier government estimation for the trade account.

In mid-April, the powerful Ministry of Finance and Economy [MOFE] released a report on Korea's current account balance in which it predicted that the country would record a trade surplus of $50 million in March.

Apparently, the MOFE's report was viewed as part of government's efforts to help out the ruling New Korea Party in advance of the National Assembly polls.

With the MOFE's estimate proving to be incorrect, the Bank of Korea, which is in charge of computing the nation's current account statistics, lashed out at the ministry, saying its action well reflects Korean government officials' politics-oriented behavior.

A drastic slowdown in imports was behind the impressive improvement in Korea's trade balance in March, central bank officials said. On a balance of payments basis, imports in March rose a modest 5.8 percent from a year ago to $11.6 billion.

March's import growth represented a sharp slowdown compared with the 17.3 percent gain in February and the 39.8 percent rise in March of 1995. Imports of raw materials and capital goods recorded moderate gains while those of food and consumer goods rose sharply.

Import growth of raw materials and capital goods remained at 1.5 and 3.9 percent, respectively, on a customs clearance basis while that of food and consumer goods reached 18.8 percent.

On the other hand, export growth continued with a 17.1 percent gain in March, buoyed by brisk shipments of machinery, vessels and other heavy manufacturing goods.

While Korea recorded major improvements in its trade balance in March, its invisible trade balance worsened significantly. Korea's invisible trade deficit in March totaled $593 million, compared with the $244 million in the same month of 1995. The $593 million invisible trade deficit is a record monthly high.

Receipts fell 0.9 percent to $2.62 billion due to declines in transport and travel revenues. In contrast, payments rose 11.3 percent to $3.20 billion owing to rising interest payments and travel expenses. Korea's overseas travel deficit amounted to $147 million in March, compared with the $21 million in the same month of 1995.

Net transfers turned into a deficit of $112 million in March from the surplus of $69 million in March of 1995.

During the first quarter of the year, Korea recorded a current account deficit of about $4.1 billion due largely to the sharp rise in the invisible trade shortfall. In the same period of 1995, the current account deficit stood at $3.36 billion.

In the trade account, Korea's deficit narrowed from $2.57 billion to $2.22 billion. But the invisible trade deficit nearly doubled to $1.66 billion, compared with the $936 million in the January-March period of 1995. Korea's net transfers also moved from a surplus of $149 million to a deficit of $218 million during the period.

ROK Plans To Introduce Bond Insurance for Small Businesses

SK2804234996 (Internet) The Joong-Ang Ilbo WWW in English 29 Apr 96

[FBIS Transcribed Text] The South Korean government and the ruling New Korea Party (NKP) are considering the introduction of an 'Insurance Policy for Credit Account Bonds' through which insurance companies will pay compensation to product merchandisers when they fail to collect accounts due to the bankruptcy of product buyers. The policy is aimed at preventing serial bankruptcies of small- and medium-sized companies.

Seoul and NKP plan to encourage small companies to subscribe to the insurance policy in order to prepare for times when they are unable to collect credit account bonds from buyers.

ROK To Seek 'Exclusive Economic Right' in 200-Mile EEZ

SK3004072296 Seoul YONHAP in English 0547 GMT 30 Apr 96

[FBIS Transcribed Text] Seoul, April 30 (YONHAP) — The South Korean Government Tuesday announced that it is introducing legislation that will give the country exclusive economic right to resources within 200-nautical miles of its territory in accordance with the United Nations Convention on the Law of the Sea.

The proposed legislation, which will not be finalized until after a public review and National Assembly approval, however, does not specify where the border will be drawn between the South Korean and Japanese Exclusive Economic Zones (EEZ) especially in waters surrounding Tokto Islets which are currently occupied by South Korea but have been consistently claimed by Japan.

The draft law, released by the Foreign Ministry, just says that demarcation lines in overlapping waters will be defined by agreements with neighboring countries in accordance with international law.

The draft law also says that the government will employ the concept of median line, within which South Korea's exclusive economic rights are guaranteed as a temporary measure until agreements are made on the borderlines among relevant countries.

A ministry official said that the boundaries in waters surrounding the disputed Tokto Islets will have to be defined after consulting with the Japanese Government.

The South Korean Government plans to submit a final draft of the EEZ law to the 15th National Assembly which is expected to convene for the first time next month.

The official dismissed as unacceptable reports in the Japanese media suggesting that South Korea and Japan will establish a joint management area surrounding Tokto islets to avoid possible dispute.

"We've never considered such a joint management area," the official said, adding that he would not make any official comments on the issue because he was not sure of whether the reports are consistent with the Japanese government's official position.

The official also said that his ministry understands that the Japanese Government already made its draft law proclamation for its EEZ in its parliament which is expected to approve the bill by the end of June when its parliamentary session ends.

South Korea also expects that China will soon make an official announcement regarding its declaration of an EEZ.

Relations have soured between Seoul and Tokyo since late last year when Japanese officials publicly claimed that Tokto Islets belong to Japan amid moves by both countries to declare the 200- nautical-mile EEZs.

ROK Foreign Minister Says Government To Increase Foreign Aid

SK2904114696 Seoul YONHAP in English 1041 GMT 29 Apr 96

[FBIS Transcribed Text] Seoul, April 29 (YONHAP) — Foreign Minister Kong No-myong disclosed a plan Monday to scale up the amount of the country's Official Development Assistance (ODA) to developing countries.

In a speech read for him by Vice Foreign Minister Yi Ki-chu at a forum sponsored by the Korea International Cooperation Agency, Minister Kong said, "We plan to expand our ODA contributions step by step, which now stand at about 0.04 percent of our gross national product."

The foreign minister stressed the need of undertaking foreign assistance programs at a level becoming of South Korea's growing standing especially at this time when Korea is joining the Organization of Economic Cooperation and Development (OECD).

Asssistance for developing countries' economic development will not only contribute to stability and peace in the international community but also serve to elevate the vitality of Korea's economy by means of the invigoration of world economy, Minister Kong said.

ROK Government To Implement New Rice Production Policy

SK2904004196 (Internet) The Chungang Ilbo WWW in English 29 Apr 96

[FBIS Transcribed Text] From now on, each region in Korea can grow rice with distinct taste and texture, and market these products under separate brand names.

To this end, a 'systematization of rice production' policy will be implemented from now until the year 2000. Under this policy, rice processing centers (RPC) in each district will supply farmers with the seeds and farming material appropriate for regional differences, and manage the entire process from harvest, dehydration, preservation, processing and sales of rice.

The Ministry of Agriculture, Forestry and Fisheries decided to actively pursue the systematization of rice production and brand name marketing, judging that the time has come for the development and sales of unique rice brands in order to enhance the competitiveness of rice farming.

Burma

Burma: SLORC Orders Relocation of SSA Stronghold From Wan Hai

BK2904134696 (Internet) BurmaNet News in English 26 Apr 96

[Report from Shan Herald Agency News, dated 8 April]

[FBIS Transcribed Text] In early March, SLORC [State Law and Order Restoration Council] in northern Shan State ordered SSA [Shan State Army] to dismantle one of their military camps (under Lt. Col. Pang Fah of 1st Brigade) at Wan Hai and move to Nam Lao village (east of Mong Kao). Many officers and soldiers and some of their families had to take their belongings and move to Nam Lao.

But one Lt. Col. Aung Murng (deputy commander of 1st Brigade) defied the order and continued to stay with his family and belongings. "I won't move, no matter what," he said. Even if they shoot, I'll shoot back." It was said that there were some members of KNILA [expansion unknown] of Karenni State, disguised as SSA soldiers, who had been in Wan Hai camp since after the surrender of the MTA [Mong Tai Army]. There were about 500-600 SSA troops in and around Wan Hai camp (Wan Hai is located near Wan Sor in Ke-hsi township, 25 miles to the southeast and 16 miles west of Mong Hsu).

After the news reached Lt. Col. Thun Leng, commander of SLORC LIB [Light Infantry Battalion] no. 246 stationed on Mong Hsu hill, he said angrily: "How dare this Wan Hai camp defy my order! Even Khun Sa's MTA had to kowtow to us. Maybe they should be taught a lesson!"

This Burmese officer is said to be very hot tempered and violent. He once slapped a man's face, beat him, because that man had happened to ride a bicycle in front of him.

Burma: SLORC Reportedly Increasing Military Strength

BK2904141196 (Internet) BurmaNet News in English 27 Apr 96

[Report by All Burma Students' Democratic Front News Agency in Dawn Gwin, dated 27 April]

[FBIS Transcribed Text] SLORC [State Law and Order Restoration Council] appeared to have only ten military commands and ten divisions.

Nevertheless, according to the sources from Captain Kyaw Soe, Grade-3, General Staff Officer, who was from Loikaw Regional Military Command and defected the SLORC recently, in reality, in order to hoodwink the international community, SLORC has been extending its military might with low profile.

Prior to 1988, SLORC had only nine military commands and nine divisions. Each division is composed of ten regiments. In 1991, it extended one military command and one division. Following 1991, SLORC formed four military divisions, called Regional Military Command, which is in the same status of Division Military Command, in Tenasserim Division (Mergui), Kayah State (Loikaw), Shan State (Kengtung) and Sagaing Division (Kale). Moreover, at the end of 1995, SLORC extended a Coastal Division Military Command in the southern part, a Triangle Division Military Command in the eastern part of Burma, and 12 Strategic Military Commands, comprising ten Regiments in each Command, which are in the same status of Division Military Command, in the whole country. It also extended two bases for the air force in Toungoo and Namhsan, one base for the navy in Tenasserim. Consequently, up till now, SLORC has promoted its number up to 400,000 in comparison with 186,000 soldiers in 1988.

Burma: Shan Revolutionary Army Troops Kill Six SLORC Soldiers

BK2904141496 (Internet) BurmaNet News in English 27 Apr 96

[Report by Shan Herald Agency News, dated 14 April]

[FBIS Transcribed Text] On March 23, 1996, a patrol from SLORC [State Law and Order Restoration Council] LIB [Light Infantry Battalion] no. 346's no. 5 company, led by Capt. Myo Min Oo (stationed at Wan Long village, Mong Yorn ward, Mong Kung township) was ambushed by SURA [Shan United Revolutionary Army] troops (who did not surrender with Khun Sa's MTA [Mong Tai Army]). Six Burmese troops were killed (one Lt. [Lieutenant], one 2nd Lt., one sergeant and three privates), six disappeared, and many were wounded. Some just fled for their lives.

Burma: Karenni Troops Reportedly Attack SLORC Unit in Kayah State

BK2904123296 Oslo Democratic Voice of Burma in Burmese 1430 GMT 28 Apr 96

[FBIS Translated Text] It has been learned that a Karenni armed group on 24 April attacked a military unit led by Warrant Officer Kyaw Thein of the 2d Company of the SLORC's [State Law and Order Restoration Council] 530d Light Infantry Battalion. That company is stationed at [name indistinct] security post, six miles from [name indistinct] that was once controlled by the Karenni armed group. During the attack, Lance Corporal Kyaw Win was killed and

Corporal Than Oo from the SLORC unit was arrested. The Karenni armed group also confiscated weapons left by the SLORC unit.

Burma: SLORC Prepares To Blockade Supplies in Shan State

BK2904141896 (Internet) BurmaNet News in English 28 Apr 96

[FBIS Transcribed Text] Starting from late March and early April, SLORC [State Law and Order Restoration Council] have been enlisting all sizes and sorts of cars across Shan State to serve them unpaid. Altogether 1,000 vehicles are needed to serve their purpose. This is said to be one of the preparations in accordance with tactical operations in 1996 for the implementation of four-cuts policies in the following townships at present: Kunhing, Mong Nai, (Nansang), Loilem, Mong Kung, Lai-hka and Ke-hsi.

Burma: SLORC Officials Reportedly Selling ID Cards to Chinese

BK2904152396 (Internet) BurmaNet News in English 28 Apr 96

[Report by Shan Herald Agency News, dated 15 April]

[FBIS Transcribed Text] From mid-February to late March, Khun Sa's MTA [Mong Tai Army] has been surrendering to SLORC [State Law and Order Restoration Council] at various places and times. Since then, SLORC authorities in Ho Mong, Mai Soong, Mong Hsat, Kengtung and Tachilek have been issuing temporary identity cards to the MTA members who have surrendered.

But in places like Piang Luang, Mai Soong and Tachilek, Chinese nationals who are simply traders and muleteers (who had never belonged to the MTA) have been bribing SLORC authorities for each identity cards.

In Tachilek, Chinese who live in Hin Tek, Mae Chan, Hue Khrai, Hue Nam Khun, Ban Tham, Nam Cham and Mae Sai, have been applying in great numbers so that SLORC immigration officials there are reaping a great deal of extra income. Any Chinese who can afford the deal can get a card at any time without delay, even during the night.

However, for the Shan soldiers and officials of the MTA who came from their former strongholds of Par Ko, Loi Lam, Par Zang and Phak Tu Mong, the situation is rather different. Though they want to go home as soon as possible, they usually have to wait 5-6 days, during which time they have to depend on the Buddhist monasteries for food and lodging. Some have to ask for money, about 60 baht, for the cost of photographing, from some former MTA officers who are running gambling dens, and have to join the queue to wait their. (Some Chinese nationals who had previously been members of MTA have been granted permission by SLORC authorities to open up gambling dens in Tachilek. About 30-40 Shan ex-soldiers of MTA who cannot go home are being hired to take the menial jobs of cleaning and serving at the gambling dens.)

Burma: KNU Reportedly Signs 'Tentative Cease-Fire' With SLORC

BK3004081096 Bangkok THAILAND TIMES in English 30 Apr 96 p A2

[Report by Atsawin Phinitwong]

[FBIS Transcribed Text] Tak — The Karen National Union [KNU] has signed a tentative ceasefire agreement with the Burmese government, a KNU source said yesterday.

The source, who asked not to be identified, said the KNU wanted to sign the ceasefire pact before other political matters are discussed.

Six KNU senior officials, led by Deputy Secretary 1 Padomansa, met with the State Law and Order Restoration Council [SLORC] on Sunday in Myawaddy province to discuss a variety of issues, the source said.

KNU President Gen Bo Mya has reportedly ordered a ceasefire and an end to all spying activities by KNU guerrillas stationed along the border.

According to a Thai border source, the KNU has called on SLORC to order all Burmese troops occupying the Karen State to withdraw from the area before a formal ceasefire agreement is signed.

The Karen minority group has been fighting for its independence for more than 40 years. The group started holding informal peace talks with SLORC since March, after most of its strongholds were captured by Burmese troops late last year.

The source said the meeting between the KNU and the Burmese government has angered the Democratic Karen Buddhist Army [DKBA] because if the two parties reach a formal agreement, they may cooperate in eradicating the DKBA.

The DKBA broke away from the KNU in December 1994, and has since helped the Burmese army fight the KNU and other minority groups struggling for independence.

However, the DKBA has fallen into disfavor with SLORC because of its refusal to obey orders and its illegal raids across the border into Thailand. It was reported last week that the junta has ordered the DKBA to surrender their arms; however, it is not expected that they will comply without a fight.

Burma: NDF Holds 'Emergency Meeting', Releases Statement

BK2904132596 (Internet) BurmaNet News in English 28 Apr 96

[FBIS Transcribed Text] The presidium members of the National Democratic Front (NDF) successfully held a two-day emergency meeting in the Karenni areas from 24 April 1996 to 25 April 1996. This is not only the first meeting of the NDF since the fall of Manerplaw to the enemy in January 1995, but also the first meeting in the KNPP [Karenni National Progressive Party] areas, and as a result, the assembly was a very auspicious one. The meeting was attended by NDF members representing seven groups: the Arakan Liberation Party (ALP), the Chin National Front (CNF), the Karen National Union (KNU), the Karen National Progressive Party (KNPP), the Pa-O People Liberation Organization (PPLO), the Palaung State Liberation Front (PSLF), and the Wa National Organization (WNO). Despite the relatively short duration of the meeting, because the delegates were able to hold very free and frank discussion, they achieved a number of important decisions on current and critical issues. All the NDF leaders agreed that the present situation inside Burma is extremely critical, and that the country is at a crucial political juncture, which could profoundly affect in future. The leaders agreed that at this time, it is essential for all members to hold firm to their basic principles of equality, self-determination, and federalism, in order to continue to oppose the SLORC [State Law and Order Restoration Council] regime, and to prevent the junta from enforcing their undemocratic constitution, which will only consolidate and further their own military rule over the country. The participants also agreed to promote certain of the Executive Committee to fill existing vacancies. Accordingly, the vice-president of the NDF, Lt. Gen. Tamalabaw, has been promoted to President, the current Deputy Secretary of Military Affairs, Gen. Aung Than Lay, has been promoted to Secretary, the current Deputy Secretary of Foreign Affairs, Col. Hkun Okker, has been promoted to Secretary, and the current Deputy Secretary of the Organizing Committee, Salai Myo Aye, has been promoted to Secretary. Other important resolutions were reached in the meeting on the NDF's policy regarding cease-fired members and the National Council of the Union of Burma (NCUB). In terms of their immediate strategy, the NDF members present at the meeting resolved to convince two further assemblies in succession within the balance of 1996; the Fourth Congress of the NDF and the National Democracy Seminar. The working committees for these two meetings were also fixed respectively. In conclusion, the NDF as a most fundamental and enduring organization strongly reaffirmed its aim to abolish the SLORC military dictatorship absolutely, with the help of the democratic forces and the peoples power inside Burma, under the leadership of Daw Aung San Suu Kyi. However, the NDF also agreed to participate in tripartite dialogue initiated by the UN and other world communities as the central organ of the ethnic nationalities of Burma. [dated] 25 April 1996 [Burmese Era] 1358, the waxing moon of Kasone, 9 [signed]Central Presidium Committee National Democratic Front (Burma)

Burma: SLORC's Than Shwe Receives PRC's Gen. Zhang Wannian, Party

BK2904152896 Rangoon Radio Myanmar in Burmese 1330 GMT 29 Apr 96

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC], and commander in chief of the Defense Services of the Union of Myanmar [Burma], received a PRC goodwill delegation led by Gen. Zhang Wannian, vice chairman of the CCP [Chinese Communist Party] Central Military Commission — which is paying a goodwill visit in Yangon [Rangoon] — at the People's Assembly Building's Protocol Hall in Yangon at 0900 today.

Present at the meeting with Sr. Gen. Than Shwe were: Gen. Maung Aye, SLORC vice chairman, Defense Services deputy commander in chief, and Army commander in chief; Lieutenant Gen. Khin Nyunt, SLORC secretary-1 and Office of Strategic Studies chief; Lt. Gen. Tin U, SLORC secretary-2 and Army chief of staff; Rear Admiral Tin Aye, Navy commander in chief; Major Gen. Tin Ngwe, Air Force commander in chief; Maj. Gen. Win Myint, adjutant general; Maj. Gen. Tin Hla, quartermaster general; Foreign Affairs Minister U Ohn Gyaw; and Brigadier Gen. Khin Maung Than, commander of the Yangon Military Command. Gen. Zhang Wannian and his party were accompanied by PRC Ambassador Chen Baoliu and Senior Colonel Wu Hua Chang, military attache.

Burma: European Diplomats Urge Release of Honorary Consul

BK3004081296 Bangkok BANGKOK POST in English 30 Apr 96 p 8

[Unattributed report]

[FBIS Transcribed Text] Senior European diplomats have urged Rangoon to release an ailing Burmese who is close to Aung San Suu Kyi.

The diplomats visited Rangoon last week but were refused access to James Leander Nichols 65, who was arrested this month without charge.

The Swiss and Danish ambassadors to Bangkok and the Norwegian charge d'affaires to Singapore, who is also accredited to Burma, were also refused a meeting with Foreign Minister Ohn Gyaw even though he was in Rangoon.

Instead they were met by the head of the Europe Division of the Ministry of Foreign Affairs who declined to discuss their request to see Mr Nichols.

The diplomats, who submitted their request before the visit, are concerned about Mr Nichols' health.

One of the group said: "The Burmese Government should take into consideration his old age and failing health and let him go. Our contact with the Burmese Government was unsuccessful."

Mr Nichols, of Scottish, Greek, Armenian and Burmese origin, has served as honorary consul-general for Norway and also represented or served as "contact person" for Denmark, Finland and Switzerland.

He is known to be close to democracy leader Aung San Suu Kyi and her family, but has no link with her National League for Democracy party nor is he involved in activity against the Junta.

Mr Nichols, who is Mrs Suu Kyi's godfather telephoned her in England in 1988 to tell her to return home to take care of ailingmother.

Charges against Mr Nichols remain unclear but he was being accused of possessing two fax machines and bribery.

The diplomat said developments will be monitored closely and contact will be kept with the junta.

Diplomats in Rangoon have expressed concern about tension in the political scene, with the junta threatening more basic freedoms and rights.

The junta is also restricting the activities of Mrs Suu Kyi, they said.

Burma: Resistance Groups Meet in Hsipaw Township 1 Feb

BK2904141696 (Internet) BurmaNet News in English 27 Apr 96

[Report by Shan Herald Agency News, dated 10 April]

[FBIS Transcribed Text] On February 1, 1996 high officials of several ceasefire groups such as the PSLO/PSLA [Palaung State Liberation Organization/Palaung State Liberation Army] (the Palaung group headed by Ai Mung), the UWSP/UWSA [United Wa State Army] (the Wa group from Panghsai), the Kokang group led by Peng Kya Shin, the KDA [expansion unknown] (the Kachin group led by Ma Thu Naw), the SSA [Shan State Army] (headed by Zao Zai Nong, Zao Kai Fah, Zao Pang Fah), SSNA [Shan State National Army] (headed by Karnyord and Zai Yi) and SURA [Shan United Revolutionary Army] (led by Zao Yord Serk — a breakaway group of Khun Sa's MTA [Mong Tai Army] which refused to surrender), conducted a meeting in the Loi Kha area (in Hsipaw Township, Northern Shan State).

Surprisingly, a delegation from the KNIPP [expansion unknown], an armed resistance group from Karenni State, also attended the meeting.

Though the topics and results of the meeting are not yet known, they may concern the following: mutual assistance, mutual understanding, communication and cooperation in resisting the increasing pressure upon ceasefire groups (after the surrender of Khun Sa's MTA) from SLORC [State Law and Order Restoration Council].

Brunei, Malaysia & Singapore

Malaysia

Malaysian Chinese Association Leader Gives Views on Party

96SE0059B Kuala Lumpur UTUSAN MALAYSIA in Malay 28 Feb 96 p 7

[FBIS Translated Text] **INTRODUCTION: The MCA [Malaysian Chinese Association] is to hold its Supreme Council election in July. Several issues, speculations, and the party's image have to be considered and given serious attention by the party's top leaders in preparation for this triyearly election.**

In addition, the party's top leaders need to watch the attitudes of party leaders and members to ensure that disputes do not arise after the election.

As MCA president, Datuk Seri Dr. Ling Liong Sik faces a challenging task. UTUSAN reporter Raymond Teing interviewed Dr. Ling recently to seek answers about speculations, issues, and preparations as the MCA's July election approaches.

The MCA's record of achievement has fluctuated in general elections over the last few years.

In 1982, for example, the MCA achieved a great victory under the leadership of Tan Sri Lee San Choon.

The MCA faced many internal problems and disputes among MCA leaders after that success: the struggle between Tan Sri Tan Koon Swan and Dr. Neo Yee Pan, the issues of Multi-Purpose Holdings Bhd. [Limited] (MPAB) and Malaysian All-Purpose Cooperative Bhd., and the "personal issue" between Datuk Dr. Ling Liong Sik and Datuk Lee Kim Sai.

As a result of those things, the party fell short in winning the hearts of voters, especially among the Chinese of this country. Many MCA candidates failed, both in first attempts and in keeping parliamentary and state legislative districts in the general elections of 1986 and 1990.

Mistakes

The MCA, which became "calm" again after the 1990 general elections, achieved another big victory when it won 31 seats in Parliament and 70 state legislative districts in the 1995 general elections.

In July, the MCA will hold an election for the party's top posts for the 1996-1999 term.

"We (MCA members) look back at the party's history. We did well in the 1982 general elections. We do not want to repeat the mistakes of 1986 and 1990," said the party's president, Datuk Seri Dr. Ling Liong Sik.

He said that MCA members are now mature and know what needs to be done in the party's election this year.

The MCA president, who is also minister of transportation, said that many people, particularly the Chinese community, will lose their confidence in the MCA if party members disagree among themselves.

The MCA election in July is expected to see a sharp contest for several posts, especially those of deputy president, vice president, Youth Movement president, and MCA Central Committee member positions.

Dr. Ling said that he wants to see MCA continue to be stable and to possess a spirit of cooperation and unity among party members.

"To achieve those things, MCA members must always remember the MCA's history," he said.

The MCA president said that the MCA will achieve success and contribute to the country if all party members cooperate and unite.

The MCA did well under the leadership of Tan Sri Lee San Choon in 1982. The party repeated that success in the 1995 general elections after experiencing many problems.

Planning

Dr. Ling said that the success was a result of careful planning by the MCA over the several previous years.

"For example, we launched several series of educational projects, such as the Tuanku Abdul Rahman (TAR) and Langkawi Colleges," he said.

He said the MCA has also sponsored activities in the fields of sports, culture, and art and held seminars on religion and the economy.

In addition, Dr. Ling added, Malaysia continues to experience rapid development, as shown by the project for construction of the Kuala Lumpur International Airport (KLIA).

"These positive developments convinced the public to give five more years to the MCA," he added.

When asked to comment on rumors that MCA Deputy President Datuk Lim Kee Sai is expected to defend his post in the MCA election this time, Dr. Ling said:

"The party's constitution permits him to do that.

"If MCA members want Kim Sai to continue with the MCA, we will accept that decision," he said.

When asked if the battle for the party's number-two job will witness a contest between prominent MCA figures Kim Sai and Secretary-General Datuk Dr. Ting Chew Peh, who is also minister of housing and local government, the MCA president said:

"It is up to MCA leaders and members to decide that. If that happens, let it be a small event. MCA members may support either side.

"MCA members are now mature, and they do not want to see a party split," he said.

Dr. Ling said that the contest should be clean, fair, and without any dirty tactics, so that other people will not be hurt.

This is because party members will reunite after the election, he said.

"We do not want to see leaders offended with each other," he added.

Commenting on his relationship with Deputy President Datuk Lee Kim Sai, he said, "My relationship with Kim Sai is not as close as it used to be, but Kim Sai is still a good friend of mine."

Dr. Ling went on to say, "If you were aware that a close friend had tried to challenge your authority, you would certainly be cautious although you would still consider him your close friend."

"I continue to consider Kim Sai my close friend. We have passed through several party problems and crises together," he added.

When asked his view on the charge that he had tried to end Kim Sai's political career, as stated by the former minister of health, Dr. Ling said he did not understand why that matter arose.

Retire

"I do not understand why he (Kim Sai) said that I tried to end' his political career, because in 1993 Kim Sai himself told Lim Ah Lek (vice president) and me of his decision to retire from politics," he said.

Dr. Ling explained, however, that any member is entitled to run for any position, whether president, deputy president, vice president, or member of the MCA Central Committee.

"They should not use dirty tactics' by attacking the reputations of their opponents, however.

"As for me, if any MCA member wants to run for the position of president, I promise that I will not attack his reputation although he may challenge me," he said.

The MCA president said that every member must begin his political career from some position.

"For example, I first began to run without having any MCA record," he said, commenting on the action of MCA Central Committee members meeting recently in Malaka, who passed a resolution that members who want to run in the July election are permitted to tell only of their records of service in the MCA.

When asked if that step was unfair for members who have no record of excellence in the MCA, Dr. Ling said, "If they have no record of service, they may describe their plans to bring the MCA into a more splendid era as the 21st century approaches.

"They can say many things besides defaming or abusing their opponents," he added.

Quality

With regard to speculations that Dr. Ling is "lobbying" his secretary-general, Datuk Dr. Ting Chew Peh, to run for the post of deputy president in the periodic election, Dr. Ling said:

"I have always said that a good leader needs to create many young leaders.

"Such action is needed to ensure that the organization or association is not shaken or divided at all when their president retires.

"I am pleased that the MCA now has many new-generation leaders of quality and caliber," he said.

Overall, however, he said he felt Dr. Ting is the most appropriate (for deputy president).

"I do not mean that other leaders are not qualified, however.

"In my recent trip throughout the country, I found that MCA members generally feel that Dr. Ting Chew Peh is the most appropriate candidate for that position," he explained.

The member of Parliament from Labis then said that it is up to the delegates to choose and decide which leader is suitable to hold the number-two post in the party.

"The important thing is that we cannot allow a post to be empty temporarily. That would be dangerous and could cause a crisis in the party," he said.

Malaysian Company To Make Parts for Hawk Fighters

96SE0059A Kuala Lumpur UTUSAN MALAYSIA in Malay 28 Feb 96 p 3

[FBIS Translated Text] Kuala Lumpur, 27 Feb—SME Aerospace, a company fully owned by the government, is to cooperate with British Aerospace (BAe) in producing components for Hawk fighter aircraft in order to resolve the problem of delay in obtaining replacement components from Britain.

Minister of Defense Datuk Syed Hamid Albar said the plan to produce the aircraft components ourselves is a short-term step to ensure that the problem of delay in obtaining replacement components can be resolved quickly.

He added that BAe is now identifying some Hawk aircraft components that can be produced in this country.

"This will reduce our dependence on Britain for these replacement components.

"The components produced in this country can be used not only for the 28 Royal Malaysian Air Force (TUDM) Hawks, but also by BAe," he told reporters after a discussion with BAe Executive Director John Weston here today.

Recently, 10 Hawk 100's and 18 Hawk 200's have faced technical problems, and they have not been fully usable since they were bought at a cost of 2.4 billion ringgit.

The problems faced by these aircraft include the frequent failure of components and a shorter-than-projected lifetime for these components.

It is estimated that more than 40 components are often impaired in ways that cause problems. Although they are replaced, they still fail to function at proper levels.

Syed Hamid added that BAe has also agreed to take follow-up steps to study which components can be produced in Malaysia.

He was not able, however, to state the number and types of components to be produced in Malaysia, because talks on this matter are still being conducted by the two parties.

"When we have obtained a license from BAe to produce these components, the transfer of technology will be made. These components will also be for markets throughout the world.

"Two-way cooperation will be established to enable the two parties to exchange technology and expertise," he said.

Hamid added that BAe has also agreed to work on overhaul and maintenance in the avionics field and on the system used in this country, since several domestic companies have expertise in this area.

"Some domestic companies have the basic expertise to manage aircraft systems and avionics and will obtain guidance, cooperation, and expertise from BAe," he said.

In the meeting, Syed Hamid and Weston also discussed Hawk systems and components, support services, and the rather lengthy turnaround times for overhaul and maintenance of Hawk aircraft.

Syed Hamid said he was satisfied with the commitment shown by BAe to the resolution of problems related to Hawk aircraft.

"Although it is not possible to resolve these problems in a short time, we believe BAe will give special emphasis to this matter," he said.

Singapore

Singapore: Civil Aviation Authority Signs Agreement With Hong Kong

BK3004113396 Singapore Radio Corporation of Singapore in English 1000 GMT 30 Apr 96

[FBIS Transcribed Text] Singapore and Hong Kong have signed a new air services agreement that provides the basic framework for the continued growth of air services between both sides through and beyond 1977.

The new agreement allows designated carriers to each operate another 14 weekly services allowing them to respond more quickly to market changes.

The Civil Aviation Authority of Singapore says traffic between the two countries has been flowing at an annual rate of between 9 and 17 percent.

Cambodia

Cambodia: Khmer Rouge Blamed for Bomb Blasts in Battambang

BK2904103596 Hong Kong AFP in English 1017 GMT 29 Apr 96

[FBIS Transcribed Text] PHNOM PENH, April 29 (AFP) — Four loud explosions, believed to have been bombs planted by Khmer Rouge guerrillas, have shaken Cambodia's second largest city of Battambang, officials said Monday.

No one was killed or injured by the bombs, which went off Sunday evening, they said.

Three of them detonated just outside town on National Route 10 that leads to the rebels' stronghold of Pailin and one exploded near the military hospital downtown.

"We think the main purpose was to make noise and scare people," deputy police commissioner Mek Dara said by telephone from Battambang, 291 kilometers (203 miles) northwest of Phnom Penh.

"We believe that these were devices planted by the Khmer Rouge," he said.

Last week the Khmer Rouge said it was responsible for a series of explosions in Battambang but claimed the bombs had created a great deal more damage than actually occurred, according to provincial officials.

Government troops recently called off their four-month-old offensive against rebel bases including Pailin saying that the onset of the monsoon season was hampering their movements.

Cambodia: Khmer Rouge Claims Grenade Attack on Battambang Hospital

BK3004025296 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 29 Apr 96

[FBIS Translated Text] Our special guerrillas, in coordination with poor peasants, threw grenades at wounded two-headed army officers at the Battambang military hospital at 2030 on 24 April. One of the hospitalized officers was killed and three were wounded. The entire city was panic-stricken. The police and military were on full alert the whole night.

Cambodia: PGNUNS Spokesman on Defeat of 'Two Heads'

BK3004063796 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 29 Apr 96

[Interview with PGNUNS spokesman Tep Khunnal by an unidentified station correspondent following the

29 April weekly cabinet meeting; place not given — recorded]

[FBIS Translated Text] [Correspondent] Hello, Your Excellency. What do you have today to tell our people about the cabinet meeting of our Provisional Government of National Union and National Salvation [PGNUNS]?

[Tep Khunnal] Thank you. Today, I would like to inform our people that the PGNUNS cabinet met under the chairmanship of His Excellency Prime Minister Khieu Samphan to examine and sum up the all-around situation of our national salvation struggle at the end of this 18th dry season. We examined the likely impact of the serious military defeat of the two heads during this 18th dry season on other domains so that we can take appropriate measures to further improve our situation in all fields and sectors.

[Correspondent] Through the many letters sent to our station and the conversations with the people, it is obvious that our people have closely followed developments on the military field. Would you please tell them more about it?

[Tep Khunnal] Our people closely follow these developments because they themselves are directly involved in the struggle against communist Vietnam and the traitorous two heads. On the battlefield of western Cambodia during this 18th dry season, the two heads and their old and new masters experienced the most serious and shameful defeat. We call it their strategic and final defeat.

[Correspondent] What does this strategic and final defeat signify?

[Tep Khunnal] Their strategic and final defeat signifies that the army of the two heads, including both commanders and rank and file, has already collapsed beyond rescue. According to reports from the people and also according to some foreign news agencies, the troops of the two heads are now completely routed and demoralized. Many of them have deserted. As our people already know, the regime of these traitorous two heads is fascist. It relies on the military and the police. When the military and the police collapse, the regime also collapses. This is the first significant aspect of their strategic and final defeat.

Another significant aspect is this: Will those in the alliance, the two heads' main suppliers of funds and assorted weapons, continue their bankrupted enterprise? They have vainly assisted it for the past three years. Will they continue to invest in this ruined company? There are too many problems, all vital to the very survival of the two-headed army and the two-headed regime itself. Nevertheless, even if they stubbornly continue to support them, the two heads still do not have troops with which to fight. They are finished.

The third strategic aspect, which in my opinion is the most important, is that our nation and people, especially the poor peasants, and our National Army [NA] have profound confidence in the war of the guerrillas and poor people and trust the effectiveness of our strategic weapons. This has become a most powerful force. This matter is very important. That being said, we must jointly conduct and implement this line of struggle in unison.

Now, allow me to tell you that the guerrilla war is getting very close to Phnom Penh. In Oddong, Thpong, Kompong Tralach, Samraong Tong, and Ponhea Loe, right on the doorsteps of Pochentong, our poor peasants and NA have jointly smashed and swept away one enemy (?position) after another. This is a move to dismantle the two heads' defensive belt around Phnom Penh, both militarily and politically. The enemy has nothing with which to stop it.

[Correspondent] Our entire nation and people rejoice over this brilliant victory of our poor peasants and NA. What else do you see as a consequence of this serious enemy defeat?

[Tep Khunnal] Thank you for raising this question. In my opinion, this defeat has a very serious impact on all fields and sectors.

1. Their inner circles writhe in agony. They have always experienced splits, bickering, and conflicts. But now this bickering and these conflicts, political, military, and so on, are becoming worse. The battlefields have reached Phnom Penh. These are not just a few battlefields; they are in all sectors. It is widely repeated among the masses that Hun Sen has become mad like a pig, that he has become a whipped, rabid dog.

2. The poor peasants in the countryside, being more enlightened, have risen up to smash and sweep away the assorted enemy administrations in their villages and communes. The impotent enemy has proved to be no match for this movement.

3. In my opinion, this victory constitutes an encouragement for our brothers and sisters in Phnom Penh, overseas, and in all social strata to join hands and fight the two heads even more vigorously. This is because they have deep resentment against communist Vietnam, its puppets, and Hun Sen. They clearly see that communist Vietnam and its puppets cannot do any damage to our national and people's forces, that they are being beaten by the poor peasants who have risen up and joined the

struggle one village after another. So our brothers and sisters have won both political and popular support.

4. The two heads' political crisis is worsening, as are their economic and social crises. Various conflicts are now taking a firm hold of all parts of their lives; they cannot get rid of them. In addition, there is the coming rainy season, which is a good opportunity for our people and NA to continue trampling on the enemy.

Therefore, I see that the situation of the two heads is one of total gloom and despair, from which they cannot extract themselves.

[Correspondent] What else do you see in the current developments?

[Tep Khunnal] The situation is getting more and more favorable to our national salvation struggle and more and more uninviting to the two heads who have continues to tumble until they are in a state of complete collapse. Strategists and observers in general have concluded that the two heads are finished. On the one side stands a nation, a people, and a national resistance, whose forces have been tested and tempered in more than 17 years of struggle. On the other side stand the extremely corrupt and thieving traitorous puppets of communist Vietnam. How can the latter withstand the national and people's war in a protracted struggle? In my opinion, the enemy is utterly exhausted. However, an enemy remains an enemy, especially communist Vietnam, whose strategy is to swallow Cambodia up and turn it into another Kampuchea Kraom [territory annexed by Vietnam in the 17th century].

Therefore, while rejoicing over this victory, we must continue to wage a resolute joint struggle against communist Vietnam's war of aggression whatever it costs so that Cambodia has peace and our people can make a living in peace and happiness in an independent, sovereign Cambodia with its territorial integrity intact inside the internationally recognized 1970 border.

Given the great speed with which our struggle has surged forward and with which the two heads have plunged, I am confident this national duty, this sacred goal, will surely be attained. That is all I have to say.

[Correspondent] Thank you, Your Excellency. I would like to take leave of you, wishing you from us all the best of health and success.

Indonesia

Indonesia: Daily Deplores Ujungpandang Student Unrest, Deaths

BK3004080796 Jakarta SUARA PEMBARUAN in Indonesian 26 Apr 96 p 2

[Editorial: "We Hope That Self-Restraint Can Be Exercised"]

[FBIS Translated Text] According to this paper's latest report from Ujungpandang, the situation in the city returned to normal after two days of student protests on Wednesday and Thursday. Almost all public vehicles have resumed operations. New public transport fares triggered the student protests. We are concerned over the deaths of five students as well as the property damage.

Meanwhile, Professor Dr. Baharuddin Lopa, secretary general of the National Commission on Human Rights, told the daily that the commission would send a team to investigate the deaths of the five students during the protests. Baharuddin Lopa admitted that the National Commission on Human Rights received on 25 April 1996 a report from Ujungpandang students on the deaths of five fellow students. The students claimed that the five fellow students died violently during the protests. Accordingly, the National Commission on Human Rights pledged to verify the complaint.

According to reports, the five dead students were from the Indonesian Muslim University — Syaiful (20), Zainal (23), Adnan (21), Andi Sultan (20), and Siti Sudibya. As many as 300 students were injured; 200 others are under arrest. Only students from the Indonesian Muslim University, the Ujungpandang State Teachers and Pedagogy College, and the Ujungpandang State Islamic College took part on the first day of the protests. On Thursday almost all college students joined the protests in solidarity with their fellow students. Even ordinary citizens later joined the students in demanding the reduction of new public transport fares set by the Ujungpandang mayor in Mayorial Decree No. 900/1996.

We are concerned over the casualties in the Ujungpandang protests. There were two factors in the tragic event. First, the hikes in public transport fares. Second, the protests by students from various colleges in Ujungpandang.

We believe that the new policy on public transport fares was considered as thoroughly as possible. To ensure normal operations, public transport operators need logical transport fares because the prices of spareparts and fuel have gone up repeatedly. Nevertheless, the nominal value of the hikes should, of course, have been carefully worked out to suit the purchasing power of the local population.

We would like to know whether the protest broke out because the hikes set in the Ujungpandang mayorial decree were too high. Perhaps, the policy should be reconsidered to ensure justice and appropriateness. In any event, other regions in the country should take a lesson from this incident before they increase public transport fares.

Regardless of whether or not the higher fares are painful, we would only like to call on the security apparatus to act cautiously in the wake of the student protests. Perhaps also we should stress that any security approach needs to be adopted wisely. Security personnel should not act recklessly, because the situation could deteriorate. The deaths of the five students in Ujungpandang could have stemmed from a misunderstanding or the failure to exercise self-restraint. Nevertheless, the security apparatus should have not resorted to violence in dealing with violence.

We hope that all parties will be able to exercise self-restraint to prevent the situation from deteriorating. In this way, the worrisome incident can be properly settled. We are worried that some irresponsible parties may exploit the situation for their own interests given the current, "hot" political temperature. We hope that whatever we do will best serve our pluralistic nation.

Indonesia: Talks With Japan on National Car Project 'Inconclusive'

BK3004042596 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 Apr 96

[FBIS Translated Text] Talks between Indonesian and Japanese officials on Indonesia's national car project have been inconclusive. The two-day meeting began on Monday. Indonesian chief delegate Anang Fuad Rivai, concurrently director general for international trade in the Department of Industry and Trade, said after the talks yesterday that the two sides were unable to resolve any problems. The Jakarta talks on the national car project follow the recent talks between Industry and Trade Minister Tunky Ariwibowo and the Japanese minister of international trade and industry.

Indonesia: China Lowers Tariff on Indonesian Textiles

96SE0058B Jakarta BISNIS INDONESIA in Indonesian 25 Mar 96 p 4

[FBIS Translated Text] Bandung (BISNIS)—Effective 1 April, China is to reduce import duties on Indonesian exports of textiles and textile products, especially polyester, to 40 percent, instead of the 80 percent now in effect.

Ade Sudrajat, deputy secretary-general of the Indonesian Textiles Association (API), said that this reduction in import duties on textile products was decided after Indonesian businessmen held a series of talks with Chinese businessmen.

"The talks were held after most Indonesian exporters complained about China's unfair trade policies," he told BISNIS during a KADIN [Chamber of Commerce and Industry] reception at the end of last week.

Ade said that until now China has unilaterally imposed an import duty of 80 percent on some textiles and textile products, such as polyester.

The Indonesian Government has not had the same policy toward Chinese-made textiles and has not imposed such a high import duty on them. "The Indonesian Government has not been able to do anything, however, since China is not yet a member of the WTO" [World Trade Organization].

He said that Indonesian and Chinese exporters discussed the problem of high import duties late last year. The Chinese businessmen then asked their government to reduce the import duties. The regulation takes effect on 1 April.

Ade said that the imposition of an 80-percent import duty on Indonesian textiles and textile products seriously hurt competitiveness. Every year, Indonesia exports 110 million meters of polyester to China. "That does not include the other textile products."

In reality, Ade said, Chinese textile products entering the Indonesian market are treated the same as those from other countries. "The reduction of the import duty to 40 percent shows China's goodwill toward equalizing the trade rules," he said.

According to BISNIS records, Indonesian exports of cloth, yarn, and textile products to China from January to August 1995 totaled $25.69 million, whereas Indonesian imports of the same products during the same period totaled $27.4 million.

The total volume of trade in textiles and textile products between Indonesia and China was relatively small compared with the total trade volume of $2 billion from January to August 1995.

Ade said that the domestic textile and textile product industry still expects to increase its production if efficiency can be raised.

"Efficiency, in particular, not only would eliminate some official fees, but would also enhance the quality of human resources," he said.

According to Ade, the elimination of 35 official fees and taxes would improve efficiency by only 2 or 3 percent.

Indonesian Workers Protest Wage, Allowance Situation

96SE0058C Jakarta BISNIS INDONESIA in Indonesian 26 Mar 96 p 12

[FBIS Translated Text] Semarang (BISNIS)—About 3,600 workers in Semarang and Surabaya demonstrated to demand prompt payment of wages and rice allowances—an incident viewed as a prelude to the introduction of a new UMR [regional minimum wage] on 1 April.

At 0730 hours, about 600 women employees of PT [Limited Company] Panca Tunggal in Semarang started a "long march" from the company's location on Mpu Tantular Street toward the DPRD [Regional Legislature] building on Pahlawan Street. After walking for about 15 kilometers, their way was blocked by dozens of security officers as they entered Tri Lomba Juang Street.

The procession, which was orderly and quiet and without banners, caused a traffic jam and was finally escorted to the Semarang Office of the Department of Manpower on Ki Mangun Sarkoro Street.

"This demonstration, the largest after two similar protests, did not receive any response from the company," said Bambang Supriyanto, coordinator of the Central Java LKBH (Legal Consultation and Aid Institute), who was the legal representative and designated spokesman for the workers.

He said the workers demonstrated to demand prompt payment of their biweekly wages.

"Payment of wages is always late. We have not yet received the wages that should have been paid on 20 March," said one of the workers.

In addition, she said, workers have not received rice allowances (300 rupiah per month) for seven months (since September 1995).

Another worker said that they had also not received their holiday pay of twice their daily rate (2,400 rupiah for workers with five years of service and 2,250 rupiah for workers with less than five years).

Bambang Supriyanto said that the company's stated reason for postponing wage payments was that a decline in export orders caused less than optimum production. Judianto, director of PT Panca Tunggal, promised in a meeting with Department of Manpower officials and worker representatives to pay wages on time.

"We will pay two weeks' wages this afternoon (yesterday), but we will discuss rice and holiday allowances with top management on 1 April," Judianto said.

Workers did not accept the company's statement, however, and remained in the courtyard of the Department of Manpower office. "They have often made such promises, but the result is zero," a demonstrator said.

Bambang Hoedi, chief of the Semarang Office of the Department of Manpower, said that the company must provide something certain so that the demonstration can cease. "Normative things in particular, such as holiday pay, cannot be avoided, because there are regulations."

Surabaya Case

Meanwhile, in Surabaya at least 3,000 workers and university students (members of the Democratic People's Association, or PRD) conducted a similar action, demanding an increase in the UMR from 3,500 rupiah to 7,000 rupiah per day.

In the orderly action, they marched in procession for five kilometers to the Department of Manpower office in Surabaya.

According to one of the demonstrators, they did not come from just one company, but with the help of the students they involved three companies.

The workers came from PT Barindo, PT Dai, and PT Wangta. Together with the students, they totaled about 3,000 people.

"We do not demand much in this action but merely ask for an improvement in our welfare, particularly an UMR increase from 3,500 rupiah to 5,000-7,000 rupiah per day," he said.

Several local officials of the Department of Manpower said they did not know exactly the intent of the demonstrators and therefore declined to comment.

Indonesian Youth Group Urges Suharto's Renomination

96SE0058A Jakarta BISNIS INDONESIA in Indonesian 11 Mar 96 p 8

[FBIS Translated Text] The KNPI [Indonesian National Youth Committee] has issued a position statement in which it asks Pak Harto [President Suharto] to accept nomination for president of the Republic of Indonesia for the 1998-2003 term.

KNPI General Chairman Tubagus Haryono said there had long been an intent to submit this position statement, but for various reasons it was not presented until the end of last week, at the closing of the KNPI National Working Conference in Surabaya.

"We will take this position statement as reference material to the Plenary Leadership Conference and the KNPI Congress for further action in the near future," he said after closing the KNPI National Working Conference.

The conference was attended by at least 300 people representing 34 youth organizations, KNPI regional executive councils in 27 provinces, and functionaries from the Indonesian Youth Council.

The draft position statement, which was signed by Tubagus Haryono and KNPI Secretary-General A.H. Mutojib Rohmat, says that progress in the nation's life and in the desire to create sustainable national development is greatly influenced by the quality of leadership, present and future.

"In this regard, political policies should constantly be improved during the present Second PJP [Long-Term Development Phase] for the purpose of implementing elimination of poverty, even distribution of national development and its benefits, enhancement of the rights of the people, enforcement of justice-oriented law, and development of regions not reached during the First PJP," the position statement said.

"Therefore, motivated by awareness and a sense of responsibility toward successes that have been achieved, the KNPI/Indonesian Youth declares its position and asks that H.M. Suharto accept nomination for president of the Republic of Indonesia for the 1998-2003 term."

Discussion of this position statement was difficult. In fact, debate on the necessity of issuing a political statement lasted until 0500 hours Saturday [9 March]. Agreement was finally reached on Saturday at 1700 hours.

A BISNIS source said that all youth organizations participating in the National Working Conference had a part in the formulation of the position statement. Another source, however, said that only 27 of the organizations took part in formulating the position statement.

Philippines

Philippines: Official Comments on New Trade Protocol With PRC

BK3004081696 Manila PNA in English
0428 GMT 29 Apr 96

[Received via Internet]

[FBIS Transcribed Text] Manila, April 26 (PNA) — Two-way trade between the Philippines and the People's Republic of China (PRC) is projected to reach two billion dollars this year with the signing of a new trade protocol agreement last April 24.

Trade and Industry Undersecretary Melito S. Salazar, who signed the trade protocol, said the new agreement will expand product coverage which the Philippines can trade with China. Such arrangement would include coverage of general categories which allows various products to be traded. In the past, the product coverage for trade was restricted to only certain product lines.

Salazar also said that sales targets for certain Philippine commodities were increased. Sales of fresh bananas were increased from 10,000-20,000 MT [metric tons] to 100,000-150,000 MT while sales of copper concentrates were jacked up from 10,000-20,000 MT to 40,000-50,000 MT.

In recognition that wider scope of trade are underway, both RP [Republic of the Philippines] and PRC negotiating panels have agreed to sign the minutes of the RP-PRC Joint Trade Committee beginning 1997, replacing the simple Export and Import Protocol Agreement.

In Beijing China, Undersecretary Salazar met with top PRC trade officials to explore possible partnerships between RP and China. He met with Guo Dongpo Trade (CCPIT) [as received — China Council for the Promotion of International Trade] where increased trade and investment missions between Filipino and Chinese were discussed.

Salazar also met with Madam Wu Po of the Ministry of Foreign Trade and Economic Cooperation who will be sending Chinese delegation to conduct a series of four seminars on how to do business in the PRC.

Philippines: Official Comments on APEC Venture Capital Scheme

BK3004072096 Manila PNA in English
0428 GMT 29 Apr 96

[Received via Internet]

[FBIS Transcribed Text] Manila, April 26 (PNA) — The Asia- Pacific Economic Cooperation (APEC) plans to support and push the development of an efficient venture capital system in the Asia- Pacific economies.

Recommended by the APEC Committee on Trade and Industry (APEC- CTI), the system is aimed at further mobilizing financial resources within the region.

At its recent Manila meeting, the APEC-CTI decided that the development of venture capital system will be a concrete way of helping the region's small and medium scale enterprises (SMEs) gain access to adequate financing.

"We noted that while venture capital abounds in developed countries, they are acutely lacking in many APEC economies," said Marietta U. Tan, executive vice president of the Small Business Guarantee and Finance Corp. and Philippine representative to the APEC-CTI meeting.

"Adding to the lack of capital is the collateral-based loan system of many APEC members," she added.

In recommending the development of a venture capital system in the region, the APEC committee noted that SMEs often find it difficult to acquire capital loans from funding institutions due to their low credit rating and their uncertain viability.

Moreover, high interest rates and stringent loan requirements by commercial financial establishments often discourage SMEs, the committee added.

"The establishment of venture capital system will encourage the dynamics of SMEs and contribute to developing the type of high-tech, high-value added industries for which the SMEs are traditionally best suited," the APEC-CTI said.

In the long run, providing SMEs with adequate financing to enable them to grow will increase the level of industrial structure in all APEC economies, the committee noted.

Venture capital, popularly called risk-equity financing, provides opportunities and advantages for recipient businesses since their credit worthiness improves with the added net worth without security liabilities.

The company's credibility with customers and financial institutions are enhanced.

In addition, venture capital equity in the form of preferred or common stocks imposes no fixed charges which might restrict strategic or operating decisions since the stocks have no scheduled interest or dividend payments.

Moreover, venture capital investors do not impose personal liability on the part owner-managers of the enterprise or take security interests in its corporate assets.

And more importantly, the company not only receives financial assistance, but also benefits from the managerial and business expertise of the partner.

Since venture capital is an investment made by those willing to take risks, however, there is a downside to it as follows:

— The entrepreneur party relinquishes his control over the company and necessarily shares with the new partner profits earned if the venture proves successful;

— Equity becomes more expensive than debt when business succeeds;

— Equity investment is permanent, with no way of reversing the transaction for either the investor or the entrepreneur;

— Owner-managers may give up effective control or some operating flexibility; and

— It is difficult, costly, and time consuming to obtain equity.

Despite the downside, however, the APEC-CTI still sees it as a viable option for financing SMEs, which are not only high risk investments, and their net return, especially in the Asia-Pacific region, offers a potential of exceeding return on investments than from alternative investments.

In the Philippines, there are about six private equity financing firms. This type of resource mobilization has been encouraged since 1980, but has yet to take off as a real support for the country's SMEs.

Philippines: 1995 Investment in Export Zones Rises Over 500%

BK3004064796 Manila MANILA BULLETIN in English 30 Apr 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Barely a year after Republic Act 7916, or the Special Economic Zone Act of 1995, was enacted, investments in the country's six major export processing zone and 13 privately- owned but state-administered industrial estates have increased by more than 500 percent.

This was learned over the weekend from Lilia B. de Lima, director-general of the Philippine Economic Zone Authority (PEZA), who cited that investments increased from P [pesos] 9.5 billion in 1994 to P52.2 billion last year.

Comparing the performance of the export processing zones over a nine-year period, she said, the increase in investments from 1986 to 1993 was insignificant. It was only in 1994 that the investments went up by 350 percent, to P9.5 billion from P2.6 billion in 1993.

She expressed hope that the PEZA will hit its target investments of P75 billion this year since it had already registered a 26 percent increase in investments during the first quarter as compared to the same period last year.

De Lima said investments in all the economic zones in the country reached P9.3 billion from January to mid-April this year against the P7.3 billion investments recorded in 1995.

She traced the phenomenal increase in investments in export processing zones to the following:

— Duty-free access to imported machinery and equipment and raw materials and supplies.

— Existence of needed infrastructure facilities such as roads, ports, bridges, airports, and telecommunication facilities.

— Availability of for-lease factory and office building, warehouses, and other facilities which reduces investors' up-front capital requirements.

— Assured supply of power, water, and utilities.

— Fiscal and non-fiscal incentives offered to occupants.

— Availability of common service facilities and other business amenities.

In terms of employment, De Lima said, the number of workers in export processing zones rose from 23,750 in 1986 to 121,823 in 1995 or almost 500 percent increase.

In terms of export earnings, the figure doubled from P2.7 billion in 1994 to P4.2 billion in 1995.

The six export processing zones run by the government are the Cavite Export Processing Zone, the Subic Export Processing Zone, the Mactan Export Processing Zone, the Bataan Export Processing Zone, and the Baguio City Export Processing Zones.

Philippines: Column Views President's Falling Approval Rating

BK3004072296 Manila BUSINESS WORLD in English 30 Apr 96

["My Cup of Tea" column by Ninez Cacho-Olivares: "Ratings Trouble" — received via Internet]

[FBIS Transcribed Text] Few, if any, will be surprised that Fidel Ramos's performance rating has plunged to a reported -4 in the latest survey.

It has been, for Ramos, what the Queen of England calls an anno horribilis — what with virtually non-stop scandals hounding the Ramos administration at almost every turn.

Personally, I don't take survey ratings as gospel truth. However, some people do, especially the Malacanang [presidential palace] tenants. And because they swear by surveys, such low ratings cause them to either shape up fast — which can be a good thing — or slide down faster by making more mistakes in governance — which can be a bad thing for the country and its people.

Still, it is not how the Malacanang occupant views these low ratings but how other people, especially those in the so-called political opposition, work these low presidential scores to their advantage.

More often than not, dangerously low ratings for the presidency provide members of Congress the opportunity to slap down proposals from Malacanang, especially those that are unpopular with the public.

They also provide the political opposition the ammunition with which to bring down the sitting president and his administration.

Still, it is not these that bother the sitting president and his boys in Malacanang. What truly bothers them is that with plunging ratings, there is no hope for them to swing a constitutional change that will allow Ramos to run for a second term.

It may all be water under the bridge today, but if Corazon Aquino was, via the ratings game, perceived by the public as still popular then, she and her devotees would have made a pitch for a second term.

Unlike a Ramos reelection bid, an Aquino bid would have fallen on a gray area. The transitory provision in the Constitution on presidential reelection was fuzzy, but only because of the question on whether Aquino was the duly elected president of the republic in 1986.

Conditions are different today. The only hope Ramos has of running for a second mandate is to go through a constitutional amendment lifting the ban on reelection. His other option, of course, is for him to go the way of his cousin [Ferdinand Marcos].

Somehow, I don't see this happening, mainly because the public will not provide Ramos and his boys that opening.

Ramos has some two years to go in Malacanang, which can mean that he has two years to push up his ratings and create the public perception that he continues to enjoy the support of the people.

This may, however, be difficult for Ramos and his boys to achieve.

Whether they admit it or not, Ramos has been seriously wounded in the last year for him to be able to get out of the perceived sickbed.

Ramos and his boys knew, even without the surveys telling him, that the [former Health Secretary] Ramiro fiasco dealt him a most unpopular blow. He tried to correct this by appointing career officials to the tourism and the health posts. This was done more to create the perception that he was dissociating himself from the so-called traditional politicians.

But the ironic part is that, like it or not, Ramos has to play ball with these politicians in Congress — if he wants to push his programs, whether political or economic. Congress gains more power as the presidency loses it.

There is yet another problem he must address, if Ramos wants to see a dramatic rise in his ratings: he must create the perception that criminality has been checked, to the satisfaction of the public.

This will be harder to achieve because one case of murder or kidnapping that will make it to the front pages of the newspapers will cancel out whatever gains the administration makes in the anti- crime scene.

It will be noted that in cases of kidnapping for ransom, even when the victims' relatives cooperate and coordinate with government authorities, the victims are usually released by their captors, after payment of ransom. It is very rarely a matter of the police rescuing the kidnap victims from their captors.

Besides, the wave of kidnappings and murders has created some kind of panic in the general public because it is no longer just the rich and the prominent that get kidnapped and held for ransom. Kidnap victims now come also from the middle class and the lower socio-economic class. Even worse, "amateurs" have joined "Crime, Incorporated." This is even a more dangerous development as the amateurs' kidnap victims end up dead.

But if politicians — especially those who have a moist eye trained on the presidency — think that low ratings automatically translate into a kiss of death for the Ramos anointed, they should have another think coming to them.

As it has been stated many times over, it is not so much the public endorsement of the president that ensures the electoral victory of the Malacanang anointed. It is the logistical organization that comes with the presidential endorsement that does.

Still, in any political power play, Ramos opponents can turn these low presidential ratings to their advantage — enough, at least, to paralyze and stop the sitting president from transforming government and its resources into one giant political machine for the anointed.

If this happens, Filipinos will have succeeded in letting destiny — instead of cheating — run its full course.

Philippines: Review of Military Efforts Against MILF

BK3004082096 Manila PNA in English 0432 GMT 29 Apr 96

[From the Press Review — received via Internet]

[FBIS Transcribed Excerpt] Manila, Apr. 29 (PNA) — Following are the top stories and excerpts of commentaries in the major English- language Philippine newspapers today:

AFP [Armed Forces of the Philippines] retakes five areas held by MILF [Moro Islamic Liberation Front] rebels (CHRONICLE)

Army soldiers in Mindanao started yesterday to take over areas previously held by the MILF as AFP Chief of Staff Arturo Enrile declared the government will fight any attempt to sow terror in the south...

Peping, allies to form new group (MANILA TIMES)

The LDP [Laban ng Demokratikong Pilipino — Struggle of Filipino Democrats] is headed for a split. A faction led by Laban stalwart Rep. Jose Cojuangco is laying the groundwork for the creation of a new party, an ally of Cojuangco told the TIMES yesterday... [passage omitted]

NPA [New People's Army] rebs target mayors, officers (INQUIRER)

Communist leaders have directed the NPA to intensify efforts to take military and police officers, and mayors as "prisoners of war" and swap them for detained comrades...

Gov't troops alerted vs. MILF in N. Lanao [Lanao del Norte] (STANDARD)

Government troops were put on alert following reports a breakaway Muslim rebel group was massing its forces in the area... [passage omitted]

Thailand

Thailand: Strategy To Deal With U.S. Turtle Protection Law Reported

BK2904110596 Bangkok SIAM RAT in Thai 26 Apr 96 p 8

[Unattributed report]

[FBIS Translated Text] Foreign Trade Department Director Pracha Charutrakunchai has commented on the U.S. plan to comply with the decision of the Court of International Trade to ban the import of sea shrimp beginning 1 May from countries that do not have a law or project to protect sea turtles. He said the Thai Government and private sector agencies have continuously cooperated to tackle this issue. Representatives of the department, the Fishery Department, the Thai Frozen Food Association, and Thai Processed Food Producers Association went to the United States to discuss the issue and to explain Thailand's sincere sea turtle conservation measures. Thailand also consulted other countries affected by the U.S. ban to seek a common direction to solve the problem. The direction is expected to be used to guide action vis a vis the United States as well as ASEAN's action. In any event, meetings with U.S. officials in the United States and Bangkok indicate that there is a possibility that Thailand will be on the list of countries banned from exporting sea shrimp to the United States.

According to Pracha, a U.S. ban should not seriously affect Thailand's shrimp exports if Thailand prepares accordingly. For this reason, his department, the Fishery Department, and the related private sector have made preparations by consulting the countries in ASEAN and outside that are likely to be affected by the U.S. ban to file an appeal to the United States and to the WTO to launch its trade dispute settlement process. They have also explored new markets in other regions while awaiting the WTO settlement process and have also launched the trial use of a turtle excluder device to comply with U.S. law.

Thailand: Fighting Delays Opening of Cambodian Border Checkpoints

BK2704134196 Bangkok THAILAND TIMES in English 27 Apr 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Sa Kaeo — Continued fighting between Cambodian government forces and Khmer Rouge guerrillas along the Thai-Cambodian border has killed plans to create three permanent border checkpoints this year, Deputy Foreign Minister Charat Phuachuai said yesterday.

Despite this, Prime Minister Banhan Sinlapa-acha said he will still put his name to an agreement making three existing temporary checkpoints permanent when he visits Phnom Penh on June 20-23, Charat confirmed during a five-hour visit to the border district of Aranyaprathet yesterday.

The deputy minister said the situation is expected to improve, but certainly not before Banhan's visit. He added that the agreement was a demonstration of both governments' commitment, but that putting it into practice would have to wait.

Along with this agreement, Banhan will ink a number of trade agreements during his visit.

The three checkpoints expected to become permanent are Khlong Luk, Sa Kaeo-Poipet, Hat Lek, Trat-Koh Kong, and Chong Chom, Surin-O Smach.

Fighting between the Khmer Rouge [KR] and Phnom Penh-based troops has continued since the hard-line communist group's four-year reign of terror ended in 1979. The latest campaign, aimed at capturing the main KR base at Pailin, is expected by many to herald the end of organized resistance by the KR.

Charat said Thailand handed over a draft of the agreement to Phnom Penh some years ago, but the Cambodian authorities had sat on it, waiting for a cooling of tensions in the area.

The commander-in-chief of the Thai Burapha Field Force, Col Prawit Wongsuwan, said the field force had decided to upgrade 20 of its own existing border monitoring points to permanent concrete building.

The chief of the Joint Operation Center for the Thai-Cambodia border, Gen Pricha Khoncharoen, said Thai exports over the Khlong Luk-Poipet crossing totaled 2.1 billion baht last year, with imports at 25.2 million baht. He added that Thai exports to Cambodia were 223 million baht this year in January alone.

Thailand: Ital-Thai To Participate in Hydropower Project in Burma

BK3004041896 Bangkok ASIA TIMES in English 30 Apr 96 pp 1, 2

[FBIS Transcribed Text] Thai construction giant Ital-Thai Development is among a group of Japanese and Thai companies investing in a US$375 million hydropower project in Myanmar's [Burma] Shan state, until recently controlled by drug warlord Khun Sa.

The foreign companies are scheduled to sign an agreement with the Yangon [Rangoon] government next week to carry out a feasibility study on the 150 to 300 megawatt [MW] power plant to be situated on the Mae Kok river near the Thai-Myanmar border.

The venture will mark the first foreign investment in Myanmar's hydropower sector. Since 1988, Thailand and Myanmar have identified eight potential projects capable of generating more than 6,397.5MW of power and involving investments of more than US$5.12 billion.

According to Ital-Thai chairman Premchai Kannasut, the dam would be 140 meters high and 495 meters long and located in the Tha Ton area of Shan state in eastern Myanmar. The feasibility study is expected to take one year while the construction of the hydroelectric plant is scheduled to be completed within 2001.

Though the exact percentage of shareholdings among the various investors in the project is yet to be finalized, the Myanmar government is expected to hold a 30 percent stake with the rest divided among three foreign investors, including Ital-Thai. The foreign investors are presently negotiating with Myanmar authorities as to whether the joint venture should be on a build-own-operate or build-own-operate and-transfer basis. Electricity from the power plant will be sold to the Electricity Generating Authority of Thailand (EGAT), with which the power pricing is still being negotiated.

Premchai would not reveal the names of the other two foreign companies involved in the project. Most of the preliminary studies for the eight power projects planned along the Thai-Myanmar border have been carried out by Japan's Electric Power Development Company (EPDC).

A study submitted by the EPDC in March 1992, said the Mae Kok power project was planned to accommodate an installed power generation capacity of up to 294MW. Ital-Thai officials said, however, that a capacity of beyond 150MW would not be commercially feasible.

Industry analysts said that foreign investors were cautious about overspending on the project because of the political risks associated with power plants sited in an area once controlled by Khun Sa. Though the drug warlord surrendered to the Myanmar army in December last year, many armed members of his Muang Tai Army (MTA) opposed to the Yangon regime are still active in the area.

Another worry is that negotiations over the pricing have yet to be completed with EGAT which, according to sources, has insisted on purchasing electricity at cheaper rates during periods of the day when demand from consumers was low.

Thailand: Gas Pipeline From Indonesian Field Considered

BK2904110696 Bangkok SIAM POST in Thai 29 Apr 96 p 19

[Unattributed report]

[FBIS Translated Text] According to Phala Sukhawet, Petroleum Authority of Thailand [PAT] governor, his agency will soon propose to the Industry Ministry that it consider the purchase of natural gas from Indonesia, which should be sent through a joint ASEAN pipeline system, so that the government will raise the issue at a future ASEAN ministerial meeting.

Indonesia has already submitted a price and technical proposal to the PAT. The proposed price is slightly higher than the price of gas from Burma, which is $3 per one million BTU. The Indonesian price needs to be lowered. The gas from Indonesia's Natuna field will travel more than 1,000 km if sent through a pipeline system to the main pipeline system in Rayong Province and will cost up to 60,000 million baht. If the pipeline is connected to the Joint Thai-Malaysia Development Area, however, it will only be between 300 and 400 km long and under international waters.

Phala said, for security reasons, the gas pipeline should be a joint ASEAN project so that every country will be aware of its importance and cooperate accordingly. He said the reserves of the Natuna field are 220 trillion cubic feet, with a high carbon dioxide content. The true natural gas reserve is estimated at 40 trillion cubic feet, which is more than the combined reserves in Thailand. Successful negotiation for the Indonesian natural gas will secure Thailand's reserves and further strengthen relations between Indonesia and Thailand.

Prime Minister Banhan Sinlapa-acha reportedly arrived at a policy after returning from the visit to Indonesia for the PAT to accelerate negotiations on purchase of gas from that country and the exploration of joint benefits from the project.

Thailand: Prime Minister Attends Indonesian First Lady's Funeral

BK3004025696 Bangkok Radio Thailand Network in Thai 0000 GMT 30 Apr 96

[FBIS Translated Text] Prime Minister Banhan Sinlapa-acha and his wife Khunying Chaemsai Sinlapa-acha left for Indonesia at 0500 yesterday to attend the funeral of the wife of Indonesian President Suharto in Surakarta. The couple returned home the same day, arriving at the Royal Thai Air Force Headquarters airport at 1700.

Thailand: Joint Commission With SRV Stresses Road Link

BK3004081496 Bangkok BANGKOK POST in English 30 Apr 96 p 8

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Thailand and Vietnam agreed to emphasise the development of the Route 9 link through Laos yesterday.

They have set up a sub-committee on land and sea transportation and communications to boost trade and tourism in the sub-region.

The agreement was endorsed at the final day of the Third Joint Commission on Economic Cooperation co-chaired by Deputy Foreign Minister Charat Puachuai and his Vietnamese counterpart Vu Khoan.

Route 9, from Mukdahan to Savannakhet, Laos, and Danang, Vietnam, has been identified as being beneficial to the sub-region, including Burma.

Mr Khoan said: "We agreed to accelerate Route 9. There is a possibility this east-west corridor will also establish a tourism link to Myanmar (Burma)."

Mr Charat said customs and immigration formalities would be handled by the sub-committee to facilitate contacts between people and cross-border trade, as well as to prevent smuggling.

Vietnam recently promoted Route 9 as its priority in the trans- Asia road network and won support from Laos. An official quoted the Vietnamese side as saying Japan has expressed interest in extending financial support.

The Asian Development Bank [ADB], the main advocate of the Greater Mekong Sub-region Economic Cooperation scheme, has made the route a priority project and is working on so-called soft infrastructure to facilitate movement of goods and peoples between Yunnan, China, Vietnam, Laos, Cambodia, Thailand and Burma.

Sananchat Thephatsadin, consul-general in Ho Chi Minh city, said the study by the subcommittee will complement that of the Manila- based ADB.

In the minutes signed yesterday, both sides agreed to boost bilateral trade up to $1 billion next year.

Last year, trade volume amounted to $513 million, up $222 million from the previous year. However Vietnam's exports to Thailand last year were $43 million and the year before $39 million.

Mr Khoan called for more trade exchange and an improvement in the trade balance between the two countries and more investment from Thailand.

"I'm quite satisfied with the development of investment of Thailand but I think we have more potential as we are in the industrialisation stage."

Thailand ranks the twelfth in foreign investment in Vietnam.

Mr Charat, in an opening address, reaffirmed Thailand's readiness to jointly engage in Vietnam's economic development, particularly in investment in export processing zones in Haiphong and Dong Nai.

On technical cooperation Vietnam called for more assistance in an agro-industry project in Habac province and fruit tree research centre in Tien Giang province.

Both sides also emphasised cooperation on culture and energy in which Thailand has highlighted for further progress. Mr Charat said Thailand "is ready to undertake joint endeavours in developing Vietnam's oil and natural gas industry".

Thailand: Opposition Attacks Military Spending During House Debate

BK2604090896 Bangkok THE NATION in English 26 Apr 96 p A3

[Report by Chintana Panya-awut]

[FBIS Transcribed Text] The military came under fire in the House yesterday with opposition MPs attacking what they described as a serious lack of transparency in arms purchases.

Defending the military, Defence Minister Chawalit Yongchaiyut cited political uncertainties in Russia to support the need for a continued arms build-up.

Chat Phatthana MP Sunai Chunlaphongsathon led the opposition onslaught during the debate on an urgent motion submitted by another Chat Phatthana MP, to address the military's arms purchase plans.

Holding large diagrams of sophisticated weapons, including jet fighters, Sunai asked why the military always treated arms projects as highly confidential matters.

"If you want information on specifications, performances of all modern weapons in this world, I would suggest you buy a foreign book on the shelves of bookstores everywhere for only Bt [baht] 540," Sunai said. He displayed another book which he said contained information on the military might of particular countries.

"It's so easy to find these two books. Why does the Thai military always come up with this confidentiality claim?" the opposition MP asked.

"We are not opposed to the military's right to buy, but please tell the public the necessary details, like other ministries do.

"We need all those details in the budget documents to make it easier to prevent corruption. Let the owners of the state budget, the people, know how their money is being spent, so that if one day the country's economy collapses they will understand why.

"If the Defence Ministry still wants it to be extremely secretive, let's set up a secret budget for the military, so nobody will touch it."

Chawalit argued that to blame inflation and the current account deficit on the armed forces was an unfair exaggeration.

Of the three percentage points increase over last year's five percent inflation, two points were the result of rising petrol prices, 0.6 points came from an Air Bus purchase, and "only 0.4 percentage points" from the military's arms spending.

Responding to calls for "transparency," Chawalit said: "We can disclose only what we can disclose. The present situation is much better than in the past when the military had more privileges."

Chawalit said although the Cold War was over, the world situation was still simmering.

Thailand: Admiral Views Need for Military Satellite, Downplays Cost

BK2904052596 Bangkok BANGKOK POST in English 29 Apr 96 p 3

[Unattributed report]

[FBIS Transcribed Text] The Defence Ministry reiterated the need for a military satellite and claimed its cost will not be as high as has been suggested.

The statement came from Adm Sarawut Maharom, deputy permanent secretary for defence, who was assigned by Defence Minister Chawalit Yongchaiyut to explain the issue on Channel 5 last night.

The ministry needed a satellite of its own because the footprint of the Thaicom satellite it currently uses does not cover the South China Sea where the Navy operates.

Thaicom's footprint covers only Thailand and neighbouring countries to the north, he said.

Communications via satellite have become necessary because of limitations encountered by the armed forces in sending signals through conventional land lines and by microwave, he said.

The project would not cost the taxpayer as much as 28 billion baht as some people have claimed, he said.

The cost had been inflated intentionally in public statements by some people to instigate opposition to the project, Adm Sarawut said.

In reality, the so-called Star of Siam could cost 15-20 billion baht, he said.

The ministry planned to invite open bids for the system to prevent anyone cashing in, he said, denying that Gen Chawalit had vested interests in the project.

The programme was still on the drawing board and had yet to be approved in principle by the Cabinet. No contacts had been signed, he said.

The project would be implemented with a government budget but companies would be invited to co-invest if it was agreed they could transmit on the C and KU commercial bands in addition to the military X band.

Any firms which wanted to take part would be required to put at least two satellites into orbit, he said.

The ministry has applied to register the orbital positions of the satellites with the International Telecommunications Union, he said.

The project would be invaluable for defence, he said particularly for the Air Force, which has to conduct national air-space surveillance around the clock.

If the project is approved by the Cabinet, he said, the ministry will start preparing terms of reference for distribution to companies.

Thailand: Central Bank Details Proposed Monetary Measures

BK3004083996 Bangkok BUSINESS DAY in English 30 Apr 96 p 1

[Report by Supharat Chuayurachon]

[FBIS Transcribed Text] The Bank of Thailand (BOT) has decided on the dates when its two proposed monetary measures will take effect, and yesterday spelt out in detail what the specific measures would entail.

Salini Wangtan, of the central bank's Financial Institutions Supervision and Development department, said June 23 is the date from when local and foreign commercial banks, Bangkok International Banking Facility (BIBF) offices, finance companies and finance and securities accepting any foreign deposit of less than a one-year term must deposit at least 7 percent of the amount for a year at the central bank without interest.

The second measure which requires local and foreign full-branch commercial banks to raise their capital adequacy ratio from 8 percent to 8.5 percent and 6.75 percent to 7.5 percent, respectively, will be effective from October 1 this year, said Ms Salinee.

For local banks, the capital adequacy ratio is composed of first tier and second tier funds.

Foreign bank second tier funds are not taken into account.

The first tier fund which the central bank wants raised from 5.5 percent to 6 percent, includes paid-up capital, reserves and retained earnings. The second tier capital, on which the ratio remains unchanged at 2.5 percent, is the assets of the banks.

Ms Salinee went on to explain that the one-year 7 percent deposit at the central bank will affect:

— Loans or foreign funds coming in though the BIBF channel for out-in purposes and loans brought in for Provincial International banking facility purposes.

— Loans and deposits from commercial banks' overseas offices and branches. However, BOT will seek only a 2 percent cast deposit on these with the balance to be kept in assets such as bonds.

— The central bank has specified 4 types of loans for the 7 percent deposit at the BOT.

— Other foreign deposit of less than a year.

Ms Salini said loans for the purpose of investing in import and export are not subject to the 7 percent rule.

Vietnam

SRV: Meeting on Sea Border Delineation With Thailand Concludes

BK2904134896 Hanoi Voice of Vietnam in English 1000 GMT 29 Apr 96

[FBIS Transcribed Text] The seventh round of meetings between Vietnamese and Thai experts to delineate the sea border between the two countries has concluded in Chiang Mai, Thailand.

At the fifth round of meetings in Pattaya in August last year, the two sides unanimously agreed to take Tho Chu [island] as the base for the delineation. The two sides will meet again in December this year in Hanoi.

SRV: Hanoi To Host 12th ASEAN Labor Ministers Meeting

BK2904155696 Hanoi VNA in English 1303 GMT 29 Apr 96

[FBIS Transcribed Text] Hanoi VNA April 29—Vietnam will host the 12th meeting of ASEAN labour ministers scheduled for prior to June 1998 and an informal meeting of this group in April, 1997, according to a joint communique released at the closing session of its 11th meeting in Bangkok on April 26.

Addressing the two-day meeting, the Vietnamese head delegate, Minister of Labour, War Invalids, and Social Affairs Tran Dinh Hoan, expressed his wish to share experience in training a skilled work force, raising labour standards, approving job-training and providing programmes with other ASEAN member countries. Minister Hoan stressed that Vietnam was ready to sign contracts with regional countries on sending local workers to work overseas.

At this meeting, which Vietnam participated for the first time after officially joining ASEAN in July last year, Minister Tran Dinh Hoan was appointed vice chairman of the 11th meeting.

To date, this regional organisation groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Cambodia and Laos are ASEAN observers and Myanmar [Burma] has applied to the grouping.

SRV: 'Largest Corruption Case' Hits Communist Party-Owned Firm

BK2904120696 Hong Kong AFP in English 0932 GMT 29 Apr 96

[FBIS Transcribed Text] HANOI, April 29 (AFP) — Losses in Vietnam's largest corruption case have reached nearly 40 million dollars as 15 people involved in the scandal at a company owned by the Communist Party could be indicted, a report said Monday.

The LAO DONG newspaper said that losses from fraud at the Tamexco company in Ho Chi Minh City were now at 400 billion dong (nearly 40 million dollars).

The company is owned by the Financial and Administrative Committee of the city's Communist Party cell and the scandal is proving a major embarrassment to the party.

The newspaper, which is owned by labour unions, said it was the worst financial scandal yet reported in Vietnam and had caused outrage among the public.

It accused Tamexco director Pham Huy Tuoc of pocketing 5.5 million dollars, spending 270,000 dollars on his mistress, paying 1.6 million dollars for "administrative procedures" and of gambling away 130,000 dollars.

The trading company has gone bankrupt and Tuoc is now in jail but the newspaper complained that he had been able to continue his fraudulent activities for some time despite being reported.

The newspaper also accused a director of the country's largest bank, Vietcombank, of involvement in the scandal. The bank official is alleged to have illegally loaned 10 million dollars to the company, which was founded in 1989.

A number of major scandals at state firms have emerged in recent months with directors absconding with hundreds of thousands of dollars.

Many state firms have only rudimentary accounting controls and the lack of a company law has allowed many directors to defraud the state of large sums, often by setting up private firms that are then used as subcontractors or traders.

SRV: Do Muoi Addresses Congress of Party Advisory Organs

BK3004082296 Hanoi HANOI MOI in Vietnamese 26 Apr 96 p 1,4

[Report by Vietnam News Agency]

[FBIS Translated Text] The party committee of Bloc I of the Central Party Organs [BICPO] held a fourth party congress in Hanoi on 25 April 1996 to evaluate the work performance of the third party committee, outline directions and tasks for the 1996-2000 official term, contribute views to the documents of the eighth national party congress, and elect members for the next BICPO party committee and representatives to attend the eighth national party congress.

General Secretary Do Muoi attended and delivered a speech to the congress. The congress was also attended by 191 delegates representing nearly 3,000 party members in 228 party chapters from 13 party committees and from one party chapter directly subordinated to the BICPO.

Comrade Nguyen Dinh Luong, secretary of the BICPO party committee reported on the past work performance and future directions and tasks of the party committee. In its past term, the BICPO party committee has led and motivated party officials and members to satisfactorily carry out their given assignments, fulfill their advisory and research role for the party's leading organs, and successfully carry out the main targets and duties in the 1991-95 five-year period. As regard the directions and tasks in the 1996- 2000 term, the party congress stressed the satisfactory implementation by the BICPO party officials and members of their political duties, which were of a high quality and efficiently carried out. Internal political vetting must take place to quickly discover deviant conceptions that run counter to the party's line, to protect the organization and national secrets, and to prevent internal disunity.

On behalf of the party Political Bureau and the party Central Committee, General Secretary Do Muoi clearly pointed out the important role of the BICPO in his address to the congress. The BICPO consists of strategic advisory organs and other service organs to the party Central Committee, the government, and the National Assembly. It is made up of many leading management and advisory cadres, who carry great responsibility for any outlining and organizing relating to the implementation of national lines and policies. These cadres also hold many state secrets. Therefore, opinions offered by the delegates and the success of this congress will contribute greatly to the success of the upcoming national party congress.

The general secretary highly evaluated the BICPO party officials and members for their important contributions to the drafting of many documents of the eighth national party congress and the revised party statue. He asked the new BICPO party committee to organize matters for the satisfactory implementation of the party's lines and policies and state laws and to fulfill its strategic advisory role for the party, the National Assembly, and the government. He emphasized that the new party committee must profoundly and practically review and evaluate all the results of the past work and analyze all achievements, shortcomings, and experiences. The general secretary also stressed that the most important thing for every party chapter and member is that they must clearly realize and satisfactorily execute their duty to protect the party and regime and fight against the conspiracies and tricks of peaceful revolution by the hostile forces. For the BICPO, this duty must be given special attention.

SRV: Nguyen Duc Binh Attends Central Organs Bloc Congress

BK2904153896 Hanoi HANOI MOI in Vietnamese 25 Apr 96 p 1

[FBIS Translated Text] The bloc of central organs for ideological work held its party organization congress in Hanoi on 24 April. During the two-day session, the congress reviewed work during the past term, set orientations and tasks for the party organization in the next term, contributed ideas to draft documents of the party Central Committee to be presented at the upcoming national party congress. The congress elected delegates to the Eighth National Party Congress and the executive committee of the bloc's party organization for the 1966-2000 term.

Comrade Nguyen Duc Binh, member of the party Central Committee Political Bureau and secretary of the party Central Committee, attended and addressed the congress.

On the basis of the assessment of achievements recorded in and the remaining tasks left over from the past term, the bloc's party organization set orientations and key tasks for the next term, which include the integration of efforts and capabilities to make the entire party and all of the people thoroughly understand the Eighth National Party Congress' resolution, applying it in daily life, and implementing it in an effective fashion.

The congress established orientations for three major tasks: the theoretical task; the mass media, cultural, art and literary task and concrete duties for the ideological task; and the party building task. Concerning the ideological task, the bloc's party organization must: strive to firmly maintain and enhance the working class characteristics of the party; improve education for and enhance the quality and revolutionary ethics of cadres; continue to firmly maintain political stability; promote the awareness of the entire party and the people in the requirement for industrialization and modernization; combine the persuasive task with that of enhancing militancy in the ideological work; and combine the task on theoretical studies with that of reviewing the reality in each party organization.

Australia

Australia: Paper Compares Local, U.S. Funds Management Industry

BK2804133696 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 16 Apr 96 p 20

[Editorial: "Lessons From US Funds"]

[FBIS Transcribed Text] The continuing surge of money into managed funds in the United States raises a number of crucial issues both for Australian investors and for our own funds management industry. The answers to these questions have important implications for how investors should be structuring their portfolios and, equally important, what local fund managers need to do to attract a bigger inflow of money into their retail products

The most obvious, and most immediately important, question is the issue of how long the "weight of money" being produced by the big inflow of cash into US funds can continue to bolster Wall Street. With a myriad of investment experts cautioning that the market is headed for a large correction, the risk that the money now flowing into mutual funds will merely delay the fall appears quite large.

It may, of course, turn out that the investors are right and the pundits wrong. This will mainly depend on the ability of companies to deliver strong profit growth. If they can do this any correction, even if initially substantial, should be relatively short-lived.

Unfortunately, a look at the present performance of US stocks suggests the odds on this turning out to be the case aren't all that encouraging. Dividend yields in the US have fallen sharply in the last year or so and, on average, are now down to just over 2 per cent — below the level ruling before the 1987 sharemarket crash.

This can be contrasted to the situation in Australia where the average dividend yield is much more robust at almost 4.5 per cent, well above that which existed before the 1987 crash. This not only suggests that today's share prices are more sustainable in Australia than in the US, it also suggests that future profit growth in the US will have to be quite extraordinary to justify the prices of many US stocks.

Given this, Australian investors may be best advised to adopt a defensive strategy by sticking with stocks which are producing solid dividend yields and have a good prospect of doing so for years to come. While such stocks won't be immune from the local shockwaves generated by a Wall Street sell-off, they will offer the best prospect of bouncing back once the initial impact has passed.

Yet while the immediate issue of how to cope with a possible setback on Wall Street is the main challenge facing investors, there is another issue which is even more fundamental. This is the question of why the US managed funds industry continues to experience such huge investor support whereas the flow of money into its Australian retail counterpart remains relatively lacklustre.

One factor local fund managers are quick to use in defence of their modest growth is the fact there is no equivalent of the incentive provided to US investors by the 401k tax break. However, there are a range of other forces holding back the local industry, with one of the more important being the high-profile failures which hit the local funds management industry in the early 1990s. These included the collapse of Estate Mortgage, failure of OST Friendly Society, and the wholesale demise of much of the unlisted property trust industry.

Events like these, coming at a time when fund managers were struggling to recover from the 1987 sharemarket crash, delivered a huge blow to the confidence of retail investors — confidence which was further dented by the extremely poor performance by local fund managers during the bond market meltdown two years ago.

To its credit the funds management industry has been working hard to rebuild its image and its performance. It will, however, need to do even more in the future if it is to win the sort of support its US counterpart has long enjoyed.

Australia: DFAT's Report Urges Investors To Copy Japan's China Model

BK2804111196 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 4 Apr 96 p 5

[Report by Michael Dwyer]

[FBIS Transcribed Text] Australian companies could reap substantial benefits from following the Japanese model of "clustering" their investments in China, according to a major new report prepared for the Federal Government.

The report, from the Department of Foreign Affairs and Trade [DFAT], notes that Australian investment in China is currently spread throughout the country, but that other investors are achieving greater success by concentrating their resources.

"It may be possible for Australia to emulate some aspects of the approach pursued by Japanese companies," the report from DFAT's East Asia Analytical Unit [EAAU] says.

The report argues that a "clustering" of investments in a specific region in China would give Australian companies more clout in dealing with local authorities and would lower entry costs.

The new EAAU report examines the role that the relationship between China and Japan will play in regional security and economic dynamics into the next century.

It claims that any deterioration of this important relationship between China and Japan could have dramatic consequences for Australia.

Japan is currently Australia's largest export market, and China, including Hong Kong, is our second-largest market.

The report argues that since the end of the Cold War a triangular relationship has been emerging between the strongest powers in East Asia: China, Japan and the world's sole superpower, the United States.

Although US engagement in the region will continue, the report claims growing wealth and economic power in Asia mean that the future security environment in the region will be determined even more by Asian countries than it is at present.

But the report goes on to suggest that the range of possible outcomes for the relationship between China and Japan is probably broader than for virtually any other pair of major countries.

"It is appropriate to be extremely cautious in making predictions about the long-term direction of relations between China and Japan," the EAAU report says.

"It is likely that the relationship will continue to be complex and multifaceted in the long term, although the more extreme possibilities of strategic rivalry and close partnership cannot be entirely excluded.

"For Australia and other regional countries, long-term strategic policies must increasingly take account of the fact that the long- term outlook for China-Japan political relations is highly uncertain, but that this relationship will certainly be a much more significant factor in regional affairs than has been the case in recent decades."

The new Minister for Foreign Affairs, Mr Alexander Downer, said the relationship between China and Japan had been under-analysed, at least in English language publications.

Launching the EAAU report in Sydney yesterday, Mr Downer said he did not agree with the view held by convergence theorists that the economic growth of large countries like China and Japan would necessarily ensure converging political interests.

"I believe that the relations between China and Japan require careful work and careful handling so that past enmities can be addressed and the prospect for future gains consolidated," Mr Downer said.

Australia: Fischer Raises Concerns Over Japan's Free Trade Commitment

BK2804110996 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 16 Apr 96 p 13

[Report by AAP]

[FBIS Transcribed Text] The Federal Trade Minister, Mr Tim Fischer, said yesterday Australia should concentrate on stopping Japanese "backsliding" on a commitment to free trade in agriculture before turning its attention toward a new round of global trade talks. Mr Fischer said he viewed a Japanese and South Korean campaign against the agricultural agreement, based on concerns over "food security", as very serious. He said he was "yet to be convinced it's the year to launch a new round".

Australia: Qantas Wins Simulator Deal From Air Force

BK2804115896 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 16 Apr 96 p 13

[Report by Ian Thomas]

[FBIS Transcribed Text] Qantas Airways and its bidding partner, CAE Electronics, have won a worldwide tender to secure a multi- million dollar deal for the development and supply of two new flight simulators for the RAAF [Royal Australian Air Force].

The Federal Government announced yesterday that the joint bid by Qantas and CAE was the preferred tender for the simulators, which will be used to upgrade training facilities at the RAAF's Richmond base in NSW [New South Wales].

Qantas recently emerged as a key player in another major government contract as part of the commercial team supporting British Aerospace's bid to provide up to 40 Hawk lead-in fighters for the RAAF.

If British Aerospace succeeds ahead of its two rival bidders, Italy's Aer Macchi and the US aircraft manufacturer, McDonnell Douglas, Qantas would assemble, test and handle maintenance and repairs to the Rolls-Royce Adour engines in the Hawk fleet.

The airline stands to build a significant revenue stream through its involvement in government contract business, complementing its core commercial services and engineering and maintenance operations.

Mr Ian McLachlan, the Defence Minister, said that the flight simulators should be installed at RAAF Richmond in 1998, creating opportunities for Australian industry in the construction phase.

One of the simulators will replace an existing Boeing 707 simulator while the other will replicate the cockpit of Lockheed's new C130J Hercules transport aircraft.

Australia: Newly Merged Company To Seek Defense Deals in Asia

BK2804130796 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 17 Apr 96 p 21

[Report by Simon Jemison—dollar amounts in Australian dollars]

[FBIS Transcribed Text] The merger of AWA Defence Industries [AWADI] and British Aerospace Australia [BAeA] will create a broad- based defence contractor with the critical mass to attack large domestic defence deals in Australia and Asia, BAeA chief executive Mr Robin Southwell said yesterday.

BAeA's purchase of AWADI for $54 million pulls together two Adelaide-based companies with a combined workforce of 1600, sales of $300 million and a forward order book of $400 million.

Mr Southwell said the new company, with activities in avionics, electronics, software system development, design and manufacture would use its UK-parent to open doors into the massive Asian defence arena.

BAeA is awaiting news of a $1 billion tender to supply the new lead-in Hawk fighters and training programs for the RAAF [Royal Australian Air Force] at Williamtown near Newcastle.

It also has its hand up for a $250 million Bushranger deal to provide 570 armoured vehicles to the Army reserve.

Mr Southwell said BAeA would look at restructuring the new group in the months ahead, but was coy on the prospect of job losses.

The merged BAeA/AWADI ranks in the top four defence contractors behind Australian Defence Industries, Transfield and the Australian Submarine Corporation.

Australia: Export Assistance Program Faces Abolition Under Budget Plan

BK1904125796 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 19 Apr 96

[Report by Tom Burton and Louise Dodson — received via Internet; all dollar figures in Australian dollars]

[FBIS Transcribed Text] The Federal Government is turning its guns on exporters, with a plan to abolish the $237 million Export Market Development Grants [EMDG] scheme being considered as part of the attack on government spending.

The move to abolish the scheme, which is the major assistance program for exporters, would have a major impact on small business — a key constituency the Coalition appealed to in the recent election.

More than 70 per cent of last year's 3,500 grants went to companies with less than 25 staff.

The abolition plan is contained in a Department of Finance minute — endorsed by the Expenditure Review Committee of Cabinet this week — that was sent to the Department of Foreign Affairs and Trade.

The department has also been told to cut $200 million from its $2.5 billion budget, over and above a 3 per cent reduction in running costs.

Overall, Federal Government departments are expecting to reduce their running costs by up to 30 per cent, which could cut tens of thousands of Public Service jobs.

The abolition of the EMDG scheme would represent a major breach of the Coalition's promise to maintain the scheme.

The plan comes as major businesses have been strongly lobbying against the almost certain scrapping of the Government's soft loan scheme for aid beneficiaries, the Development Import Finance Facility. The scheme is an important means for major construction companies to secure contracts in the Asia.

The Minister for Finance, Mr John Fahey, confirmed yesterday that at this stage the Government was prepared to break election commitments in a bid to find Budget savings.

He added that the Department of Finance was looking at reducing whole government functions and programs.

Mr Fahey said that in the final vetting of the cuts, election commitments already made and the impact on the economy would be considered.

The Prime Minister, Mr John Howard, yesterday conceded that there would be "difficulty and pain", but said he wanted to protect the "most vulnerable in the community" from the cuts.

In his first attempt to deal with the increasing amount of speculation on the proposed cuts, Mr Howard blamed the Leader of the Opposition, and the former Minister for Finance, Mr Kim Beazley, for the funding shortfall.

Mr Beazley rejected the blame, accusing the Coalition of opposing "every major piece of our Budget-tightening" in revenue and spending.

Meanwhile, Worksafe Australia — the Government's occupational health and safety body — has been told to reduce its specialised staff of scientists, researchers and librarians from 220 to 105.

Although some reduction to Worksafe's staff was foreshadowed by the Coalition before the election, the cuts under consideration would almost gut the organisation, slashing its research and industrial occupational health areas.

The cuts, which have been increased from an earlier target of 30 per cent, would reduce Worksafe's function to merely data-gathering and standard-keeping.

Recent research by Worksafe has greatly altered the knowledge of occupational health and safety issues. For example, the number of deaths directly related to workplace occupation was found to be 2,100 a year, instead of 550 as previously thought.

Customs has also been targeted, for a 10 per cent staff cut, and the Office of the Status of Women has been negotiating for the last two weeks on how to reduce overlapping functions with State bureaucracies and to meet an expected cut in staff.

Every public service department has reported freezes on recruitment of new staff, on payment of higher duties for officials temporarily performing jobs at a higher level, and even on promotions.

Morale is low throughout the bureaucracy, including in the Treasury, which is one of the main advocates of slashing the public service. It has also suffered staff cuts and reduction in payment for higher duties.

The Department of Administrative Services has attempted to extend its program for achieving voluntary redundancies of 1,300 staff, but has been refused funds to offer similar provisions for counselling and training before retrenching staff.

Meanwhile, the Australian Democrats have strongly defended the Commonwealth Ombudsman, Ms Phillipa Smith, who unsuccessfully lobbied Mr Howard on Tuesday against proposed 30 per cent cuts to her office. Senator Sid Spindler yesterday accused the Howard Government of moving to encourage fraud in the public service by cutting the Ombudsman's office.

"The Howard Government has hit the Ombudsman hard because she has the potential to embarrass his Administration," he said. "It is a recipe for fraud and mismanagement."

But not all senior bureaucrats are fighting the cuts. The head of the Office of the Status of Women, Ms Kathleen Townsend, said yesterday that she was using the proposed cuts as an opportunity for restructuring the operations of her office.

The message from the Prime Minister was to reduce Canberra's involvement in running programs, she said, and the office was therefore reviewing its programs with a view to reducing them, leaving it primarily with the function of policy advice.

Australia: Peaceful Solution in Sri Lanka Urged; Tamils Protest

BK2904075796 Melbourne Radio Australia in English 0500 GMT 29 Apr 96

[FBIS Transcribed Excerpt] The Australian Government has called for a peaceful resolution to the civil war in Sri Lanka to protect civilians irrespective of their ethnic identity. The call comes as an estimated 500 Tamil Australians continue to demonstrate outside Parliament House in Canberra. Foreign Minister Alexander Downer's office says the government would see value in third party mediation, possibly including Commonwealth or United Nations involvement, provided that it was acceptable to the Sri Lankan Government and Tamil separatists.

(Ana Paragasinganum) of the Federation of Tamil Association says Australia should exert international pressure on the Sri Lankan Government to end the conflict. [passage omitted]

New Zealand

New Zealand: Minister McKinnon Reviews Foreign Policy

BK2604142996 (Internet) New Zealand Parliamentary Homepage WWW in English 22 Apr 96

[Speech by Don McKinnon, New Zealand deputy prime minister and minister of foreign affairs and trade, at the New Zealand Society in London on 22 April: "Wider Horizons: New Zealand in a Changing World" — dollar figures in New Zealand dollars]

[FBIS Transcribed Text] On the 16th having a breeze, we sailed along the shore of the land we had passed the day before, which appeared as wild and romantic as can be conceived. Rocks and mountains, whose tops were covered with snow, rose in view one above another from the waters edge; and those near the shore were cloathed with wood whose summits reached the clouds.

This was the image caught by one of our early European explorers, Captain Cook, when he sailed our coastline in 1769. Images of New Zealand have not varied much. For many today it is still one of clear sparkling scenery — from tropical bright green to mountainous ice blue.

This evening Ill take you on a quick journey around the world and at each stop tell you about our foreign policy as it relates to the region we visit.

Well find we arrive back here in London and I'll finish by reminding you of the vital part Britain plays in our foreign policy considerations.

Australia

Our first stop would be in Australia. We'd probably call them our first cousins. They are not far way and as a consequence one of our most important relationships.

Most New Zealanders don't see Australia in any sort of foreign policy framework for them what's really important is that our rugby team thrashes theirs. Wallaby/All Black games are always sell outs. No matter what the sport there is no greater satisfaction than beating the Aussies. For all this, especially when we bump into them overseas, there is also a real camaraderie between us and Australia. This stems particularly from our early days as ANZAC [Australia-New Zealand Army Corps] soldiers.

On the foreign policy front, they are our biggest export market, taking roughly 20% of our exports. This large volume of trade had been supported and encouraged by our free trade agreement, CER [Closer Economic Relations]. There are virtually no tariffs on goods traded between ourselves and barriers continue to come down.

We also have a very close security relationship with Australia despite the breakdown of the ANZUS [Australia-New Zealand-U.S. defense pact] agreement ten or so years ago. We are half way through the joint production of several naval frigates and regularly part take in joint military exercises with the Australians.

The Pacific

Onwards to the Pacific — it would take several weeks to get round these Islands. They are a real Kiwi tourist Mecca and every bit as idyllic as the brochures depict.

But behind this many are struggling to gain economic independence. The Pacific receives the largest proportion of our aid — $77 m [million] of our $165 m budget. Increasingly we are channelling this away from straight budgetary support to projects and specific development assistance. I am very concerned living standards in these small fragile economies do not fall too far behind ours and Australia's.

We also have in the Pacific strong allies in the fight against nuclear proliferation. With the Tonga's imminent signature of the Treaty and France, the US and Britain's recent signing of the protocols, the South Pacific Nuclear Free Zone Treaty will soon reflect exactly that.

The only real security concern we have in the Pacific is Papua New Guinea and the four year old independence unrest in Bougainville. We continue to do all we can to support the reconciliation efforts of both sides. In 1992 we even sent one of our frigates to act as a neutral venue for peace talks.

Asia

From the northern Pacific we head straight across into Asia. My first trip as Foreign Minister outside the immediate Pacific was to Indonesia. Its the starting point of South East Asia. Half of all world growth is likely to be generated from east Asia alone by the end of the decade and we have to make the most of the opportunities this offers.

From Indonesia north to Japan, encompassing the ASEAN states, China, Hong Kong, Taiwan and Korea is an area which now accounts for 40% of our trade, a third of our imports and 400 000 of our tourists and these figures are all growing.

I am particularly proud of the ease with which New Zealanders have moved into Asia. Their unassuming manner and willingness to really get to know the people gives them a real advantage. I believe part of this ability stems from our relative size and a real sure we can do this attitude — the No. 8 wire mentality as we call it.

The increasing and inevitable importance of Asia makes us very conscious of the region's security. To this end we play an active role in the newly established ASEAN Regional Forum and take our responsibilities as an Association of South East Asian Nations (ASEAN) dialogue partner and Asia Pacific Economic Cooperation forum member very seriously. In July we will host an APEC trade ministers meeting in Christchurch where free trade work will no doubt progress.

Knowing New Zealand thinking would need to change and knowing we had to bring all New Zealanders with us, one of the first initiatives we took to raise awareness of Asia, and Asia's of us, was establishing the Asia 2000

Foundation. An Honorary Board includes ministers, ex-ministers and leading business people from Asia.

The Middle East

Back in our plane we fly across the Middle East, the destination of several million tons of our dairy products and a region we all never take our eyes off for long. Like most of the world we are very conscious of the impact it has on global security.

New Zealand has recently extended its participation in the Sinai Multinational Force and Observers [MFO] for a further two years as a signal of our commitment to region security. I believe the MFO is indispensable as a source of confidence and stability.

The latest increase in tensions between Israel and Lebanon give us all cause for concern. Inspite of the difficulties however I remain optimistic about the prospects for the peace process. Recently strides have been made towards peace with Middle East leaders talking more and making greater concessions than has been the case.

Europe

We now touch down for a look at Europe. When New Zealanders think of Europe a number of images come to mind — a 24 hour plane trip to get there for starters. But this hasn't stopped it being an overwhelmingly popular destination for young Kiwis doing their OE's — overseas experiences — as we call them.

But my preoccupation with Europe has two focuses — one being trade — Europe is one of the pillars of our foreign policy (the others being North America and Asia). Trade, including invisibles, immigration, investment and people to people links are still very strong.

A sixth of our trade is with Europe and for many years New Zealand ministers have trooped to Europe to ensure we have trading access for our dairy products and sheep meat. The implementation of the Uruguay Round has certainly eased these problems.

The other focus is on EU expansion. It is going be a major issue for the Union for several more years. European unity is particularly important to us — we were drawn into two world wars due to its disunity in the past.

The other issue that leaps to mind when one thinks of Europe is Bosnia. The containment of this conflict remains vital for the security of the Balkans and Europe. There can be no doubt about the success of the Dayton Accords in bringing a real element of stability to the conflict but am terribly concerned about its durability when the US pull out at the end of the year. Europe has to face up to the task at hand in this respect.

We will now fly out of Europe to North and South America and return to Britain shortly.

North and South America

New Zealand as a small nation spends most of its foreign policy energies managing relationships with large countries and the relationship with the worlds only economic and military superpower is no exception. The US, as with most of the rest of worlds nations, looms very large on our radar screen.

The completion of the Administrations review of our relationship in 1994 was warmly welcomed in New Zealand. High level diplomatic, defence and political contact was restored and the way open again for dialogue on bilateral strategies and broad security issues.

One of our major preoccupations with North America is trade. We have therefore watched with interest, and a degree of apprehension, the implementation of NAFTA. While it remains GATT consistent we certainly have nothing to fear. Its possible expansion into Latin America and the Pacific would also be very welcome.

To South America — this year we are turning our attention here, in much the same way we did with Asia in 1990. Although our nearest neighbour to the east, our linkages have been thin. We are obviously aware these countries may offer some tough competition in our traditional product areas, but this is all the more reason to get along side them. One of our first steps into Latin America, recognising its economic potential is the exploration of a free trade agreement with Chile.

Back to London

Now to get back here we'd probably fly out of Buenos Aires and come via New York. And I'd like to take the opportunity of this stopover to have a quick word about the United Nations. As the only global organisation with a mandate to address political and security issues it has seen a quantum leap in demands for its services.

Even before this influx of demands the UN was reaching the stage where an overhaul of its structures was becoming necessary. As a Security Council member this became very obvious. So I want to make a very strong plug here for real commitment from the players who can really have some influence to sign up to the UN reform process. The UN's credibility is at stake — financially and representationally.

Having said my piece on this we've arrived back in London. I'm delighted to be here.

Without doubt Britain retains a special place in thousands of New Zealanders' hearts. Many of the older generation still refer to it as home. But slowly and inexorably we have grown up and away from Britain. Napoleon once said England is a nation of shopkeepers. For many years those shopkeepers were just about the only ones in the world selling New Zealand goods. Four fifths of our exports came to Britain, today only a twelfth do.

However, Britain still dominates our trade with Europe. Of the $3.2 billion worth of exports we send, Britain is by far the biggest spender, spending more than $1.2 billion last year. That's up 8.5% on the previous year and in dollar terms means you bought nearly another $100 million dollars worth of New Zealand products. I was delighted to see a number of New Zealand wines on British Airways.

British trade with New Zealand is also important. We spent $1.3 billion on your goods last year. Up 18.7% on the previous year. And Britain remains a traditional source of foreign investment in New Zealand. Although you no longer the play the kind of role you used to in the Asia Pacific it's a part of the world you should certainly remain aware of as the world's economic powerhouse.

However, there is more to us than purely mercenary considerations. Our links to Britain are firmly grounded in our mutual Commonwealth membership. And we are pleased to be working with you on the Commonwealth Action Group Committee to help errant states get back on the democracy path.

We have also appreciated the close cooperation and working with you in Bosnia, especially while the Kiwi battalion was stationed in Vitez. We look forward to working with you again as we work towards the conclusion of a Comprehensive Nuclear Test Ban treaty too. And could I take this opportunity to warmly welcome your signature of the South Pacific Nuclear Free Zone Treaty protocols last month.

So let me reinforce it — Britain holds a very special place in our hearts — you were a major part of our foundation as a nation and for this reason alone we will always be the closest of friends and the most loyal of allies.

Thank you for the opportunity to speak to you tonight. I hope you enjoyed the trip!

Papua New Guinea

Papua New Guinea: Soldier Killed in Bougainville Near Kieta

BK2304072096 Melbourne Radio Australia in English 0500 GMT 23 Apr 96

[FBIS Transcribed Text] A Papua New Guinean [PNG] soldier has been killed in Bougainville, the first casualty suffered by the Security Forces since the cease-fire on the island was lifted last month. The incident occurred at (Sepa) Village near Kieta. Sources on Bougainville say circumstances of the soldier's death are unclear but elements of the Bougainville Revolutionary Army [BRA] were believed to have been involved.

Meanwhile, restrictions on the movement of people are having a serious effect on shops in the nearby island of Buka. The restrictions are preventing people making the short sea trip from Bougainville to Buka to buy goods. The Security Forces imposed the restrictions because of activity in the region by BRA guerrillas.

Western Samoa

Western Samoa: 'Ailing' Premier Confident of Staying in Power

LD2904083396 Wellington Radio New Zealand International in English 0700 GMT 29 Apr 96

[FBIS Transcribed Text] The prime minister of Western Samoa, Tofilau Eti Alesana, says he will have the numbers to govern after an election that brought a strong swing against his Human Rights Protection Party. On preliminary counting, the party was cut from 34 to 21 seats in the 49-seat parliament. The prime minister has told television viewers that his party is set to get 26 seats, which would give the ruling party a majority in the assembly.

The main opposition party, the Samoa National Development Party, appears to have won 11 seats. Independent members of parliament could hold the balance of power in parliament.

Final results are not expected until later this week, when the recount of votes is complete and correspondent [name indistinct] says there are questions over the ill health of the prime minister.

[Correspondent] He is ailing. We are not sure how soon he might offer to step down. He has said in the past that he wants a smooth change of guard, and the front-runner is Finance Minister Tuila'epa Sailele. However, he is facing a challenge from people like Agriculture Minister Misa Telefoni. In the past, the infighting has split the party and the prime minister wants to avoid that.